# FILATEX INDIA LIMITED

CIN No.L17119DN1990PLC000091

FIL/SE/2021-22/36
1st September, 2021

National Stock Exchange of India Limited
Listing Department
5th Floor, Exchange Plaza, C-1, Block-G,
Bandra-Kurla Complex, Bandra (E)
Mumbai-400 051
Security Symbol: **FILATEX**

BSE Limited
Listing Department
25th Floor, Pheroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Security Code: **526227**

**Sub.: Annual Report for the Financial Year 2020-21 and 31st AGM Notice**

Dear Sir/Madam,

This has reference to our letter No. FIL/SE/2021-22/34 dated 26th August, 2021 informing that 31st Annual General Meeting of the Company will be held on **Friday, 24th September, 2021 at 11.30 A.M. through Video Conferencing** ("VC")/ Other Audio Visual Means ("OAVM").

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III of the said Regulations, please find enclosed herewith Annual Report for the Financial Year ending 31st March 2021 containing Directors' Report alongwith its Annexures, Management Discussion & Analysis Report, Business Responsibility Report and 31st AGM Notice, as sent to the Shareholders.

This is for your information & record please.

Thanking You,

Yours Faithfully,
For FILATEX INDIA LIMITED

Ramesh

COMPANY SECRETARY

Encl.: a/a


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FROM
# survival TO success
with our people by our side


**Filatex India Limited**
Annual Report 2020-21

# From survival to success with our people by our side

FY 21 has been an incredibly challenging year for the entire global community. The onset of the COVID-19 pandemic led to an unparalleled health crisis in countries across the world. The economic ramifications of the pandemic became apparent quite early on. With workers and customers staying indoors globally, and supply chains disrupted by worldwide lockdowns, the small companies that provide almost 70% of jobs and contribute to almost half of the economic activities around the world, were put to stress.

However, the human spirit is indomitable. This was evident in the spirit of people managing essential services, the spirit of law enforcement agencies, the spirit of doctors and health workers, the spirit of our friends and neighbours and the spirit of social groups. A rare combination of human potential helped us all navigate through this crisis.

From struggling in the initial days of the pandemic to adapting to the changes to leveraging the best available options, it has truly been a journey from survival to success. Even during the complete shutdown of operations at the beginning of the year, then partial lifting of the lockdown, to full-blown operations by the end of the year - our people were always by our side. They did a magnificent job by working round the clock and going well beyond the call of regular duties assigned to them. Our survival as well as our success during this volatile period should be credited to the team spirit of people, not just our own people but all those who were involved with us, both directly and indirectly.


We have it in our power to begin the world over again
-Thomas Paine

## Highlights from FY21

**REVENUE FROM OPERATIONS**

INR **2,227.15** cr

**RETURN ON EQUITY**

**24.48** %

**EBITDA**

INR **347.34** cr **56.4** %↗

**PAT**

INR **165.83** cr **36.5** %↗

# Filatex India in FY21

REVENUE FROM OPERATIONS

INR **2,227.15** cr

LATEST CREDIT RATING

**A**

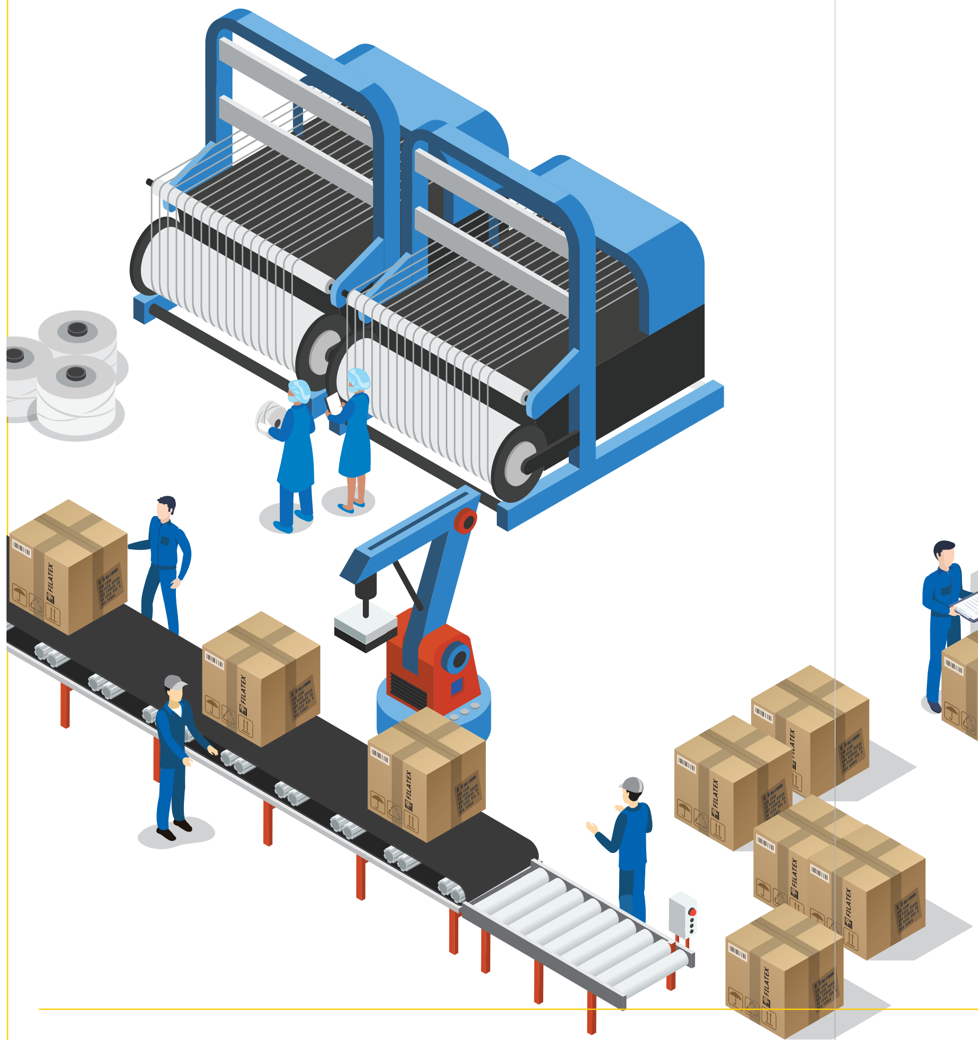
REVENUE SPLIT (IN INR CRORES)


EXPERIENCE IN MANUFACTURING YARN

**30+** years

INTEGRATED MANUFACTURING OPERATIONS

**2** State-of-the-art manufacturing units



5 YEAR CAGR (IN %)

**11.74** Revenue

**31.74** EBITDA

COUNTRIES REACHED

**45+**

CONTINENTS

**5**

**3,83,000** tonnes/annum

**48.93** PBT

**44.51** PAT

*His ethics and principles continue to inspire us.*

**LATE SH. RAM AVTAR BHAGERIA**
Founder Chairman

## Inside this report

### STRATEGIC OVERVIEW



### STATUTORY REPORT



### FINANCIAL STATEMENTS

# Introducing Filatex India Limited

Filatex India Limited is today among the country's leading manufacturers of Polyester Filament Yarn. With a foray into manufacturing in 1994 with monofilament yarn, today the company fulfils emerging garment needs of millions and adds extra mileage to India's developing textile industry. We manufacture polyester and polypropylene multifilament yarn and polyester chips at our two production facilities. One at Dadra & Nagar Haveli and the second one at Dahej, equipped with state-of-the-art German technology.

We remain focused on capitalising synergies created through our integrated business model. Our business canvas has been carefully curated, keeping in mind the competitive business environment. Inhouse production of Partially Oriented Yarns (POY) helps us in low-cost manufacturing of Drawn Textured Yarn (DTY). This helps us enable operational efficiencies while maintaining high-quality standards.

Driven by strong leadership, we are focused on increasing capacities, widening our reach, maximizing our efficiency, allocating capital effectively, and ensuring sustainability. We firmly believe that our diligent planning and strong execution capabilities set us apart. From our day to day operation to our long-term strategic vision, our differentiator has always been our focus on better execution. These execution capabilities manifest in numerous forms, including quality enhancements that we undertake, sustainability practices that we implement, and the social activities that we contribute to.

## Values

- *Integrity and honesty in business*
- *Customer satisfaction and delight*
- *To protect the environment and community*
- *Encourage creativity and innovation to maximise the potential of our people and processes*
- *To promote safe work practices*

**2,500+**

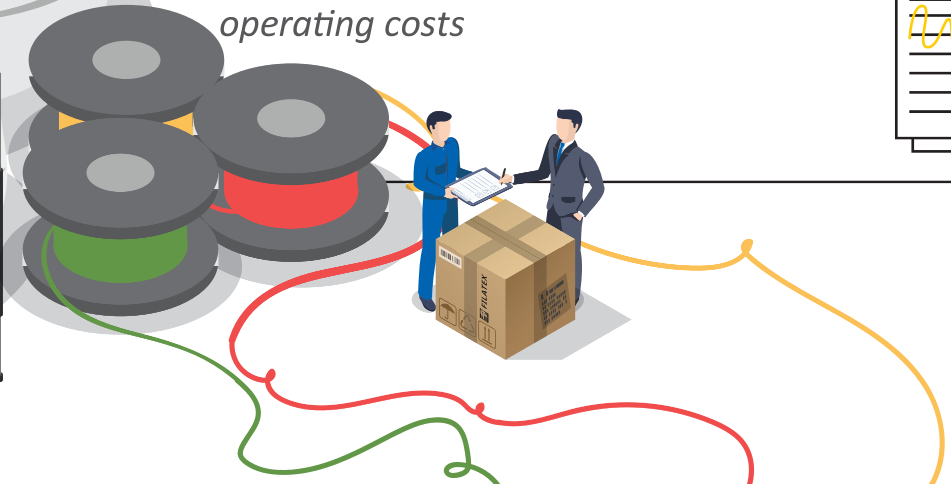
**Team members embracing culture of integrity and delivering value**

## Vision

To be one of the leading polyester yarn manufacturers, producing products meeting international standards and being customer focused through stringent quality assurance, sustainable processes and continuous research and innovation

## Mission

- *To manufacture at an affordable cost that provides our customers with a competitive advantage*
- *Strive to maintain an edge over our competitors due to consistent product quality and low operating costs*
- *To encourage people's ownership, empowerment and working under team structure*
- *To attain the highest level of trust, integrity and honesty in business*



# Building on a firm foundation

*Armed with three decades of experience in trading various kinds of yarns across the country, Filatex was setup with a vision to manufacture products to suit evolving customer needs.*


**1990**
Incorporated in August 1990

**1994**
Commenced production of Mono Filament Yarns at Noida

**1996**
Diversified into Multi-filament Polyester Yarn at Dadra with the production of POY and Textured Yarns

**1998**
Added manufacturing of Poly polypropylene yarns at Dadra Plant

**2008**
Commenced production of Fully Drawn Yarns (FDY) in Dadra using the latest machines from Barmag, Germany

**2012**
Set-up of Poly-Condensation plant of 600 TPD capacity along with 250 TPD Spinning of POY and balance 350 TPD of Chips at Dahej, Gujarat

**2016**
Commenced production of 115 TPD of Fully Drawn Yarns (FDY) and added capacity of 200 TPD of Draw Textured Yarns (DTY) at Dahej

**2018**
Added Bright Polymerization capacity of 300 TPD for spinning, 190 TPD of FDY, 25 TPD of POY, and balanced 85 TPD of Bright Chips at Dahej

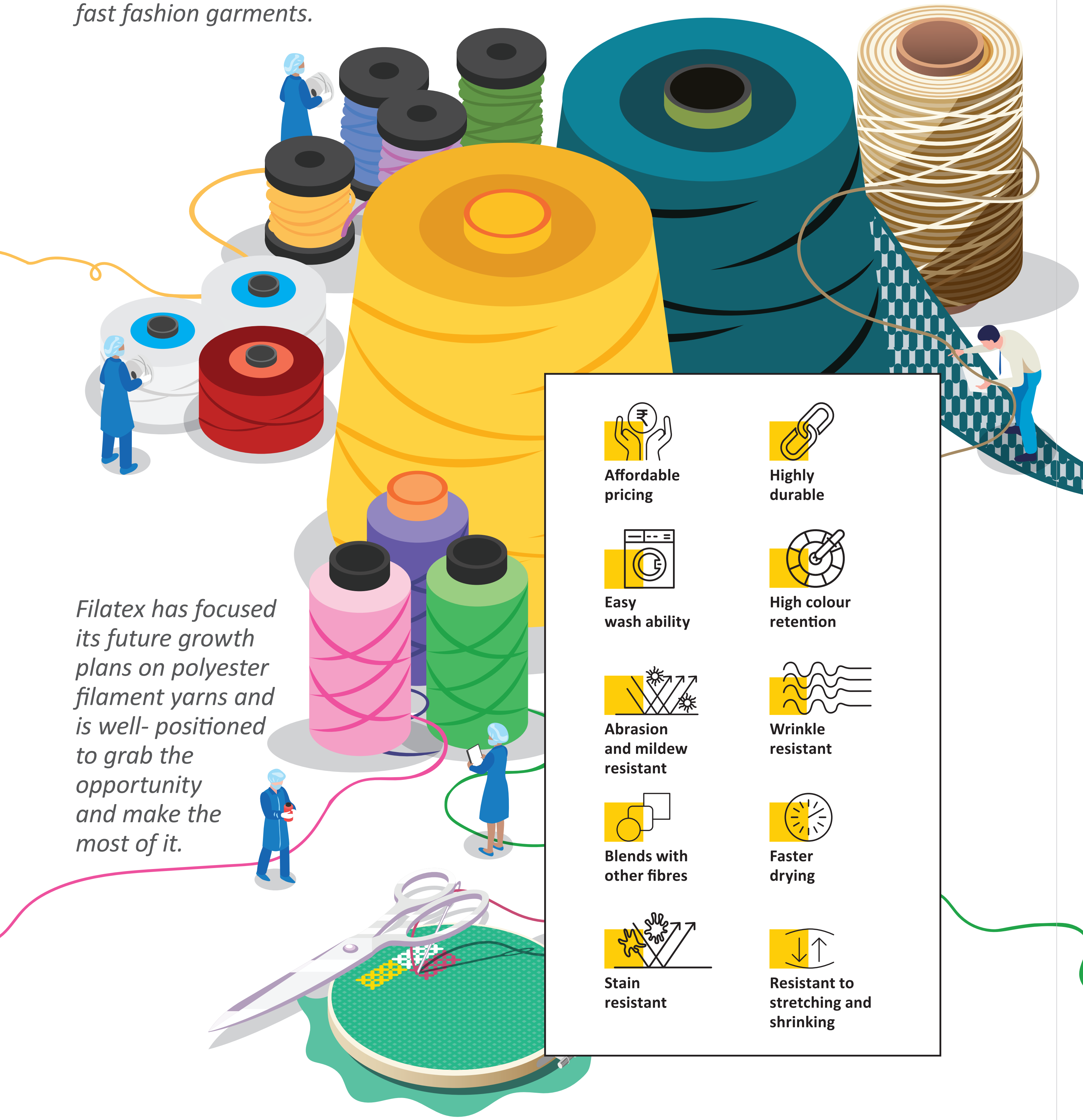
**2019**
Total Polymerization Capacity enhanced from 900 TPD to 1050 TPD through debottlenecking activities and commenced production of POY expansion from 340 TPD to 510 TPD

**2020**
Completed DTY expansion project in August. Added a cumulative 1.4 MW of renewable energy rooftop solar power plant at both plants.

**2021**
Commissioned 30 MW Captive Power Plant at Dahej

# Impacting daily lives

*With the increase in fast fashion trends and the constant want to update one's wardrobe with the latest style and design, polyester is the fibre of the future. It's unique properties and diverse applications make it the best choice for fast fashion garments.*




*Filatex has focused its future growth plans on polyester filament yarns and is well- positioned to grab the opportunity and make the most of it.*



## FILATEX INDIA - PRODUCT PORTFOLIO

**PET Chips (Textile grade):** Produced by granulizing polyester formed in a polycondensation reaction of purified terephthalic acid (PTA) and mono-ethylene glycol (MEG). They are manufactured for textile applications and are supplied to the yarn-producing industry in semi-dull and bright luster. Textile grade PET Chips are used for making Polyester Filament yarn like POY, FDY and Staple fibre, which is used widely in the Textile industry.

**Partially Oriented Yarn (POY):** Produced from the melting and extrusion (melt spinning) of the polyester chip or melt. During the spinning process, the filaments are stretched or drawn as much as five times their original size to orient the polymer to meet the desired evenness, strength, shrinkage and elongation properties. The term partially oriented yarn refers to multi-filament that is only partially stretched. POY has to be texturised to make textured yarn and can also be used in draw warping for weaving and warp knitting of fabrics.

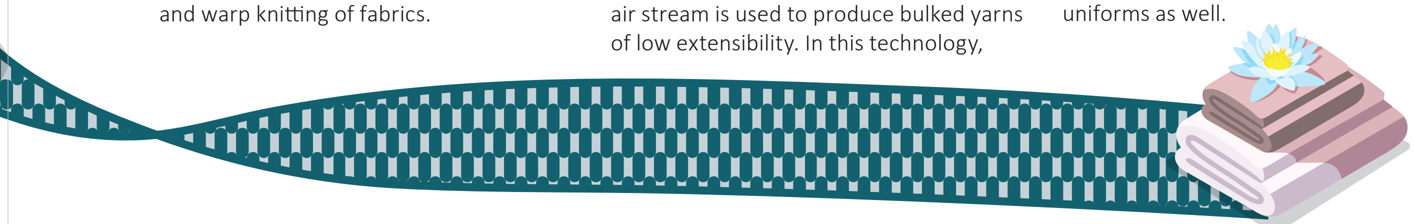
**Drawn Textured Yarn (DTY):** Produced by drawing and heating POY through a texturing process. It is used for manufacturing fabrics. Polyester DTY yarn is a continuous filament yarn that has been processed to add durable crimps, twists, interlaces, loops or other fne distortions along the lengths of the filament. Polyester DTY yarn can also be obtained in various colors through the dope dyed technology or through conventional dyeing. DTY is used for fabric end uses like outer and inner garments, skin-clinging garments, furnishings, upholstery etc.

**Full Drawn Yarn (FDY):** Produced by a process similar to POY except that the yarn is produced at higher spinning speeds and drawn fully. FDY is mainly used as weft or weaves in making fabrics. FDY can be used with any other filament yarn to get fabric of different varieties. Fully drawn polyester filament yarn is directly used for producing all kinds of fabrics especially for children and ladies.

**Air Textured Yarn (ATY):** Produced by using a mechanical method, where cold air stream is used to produce bulked yarns of low extensibility. In this technology, a very wide variety of feed yarns can be used. The end product Is used to make automotive products, furnishing fabrics, sewing threads, shirting and blouses, shoelaces and tarpaulins.

**Polypropylene Yarn (PPY):** A lightweight yarn which can be made into POY, FDY and DTY. PPY has low moistening characteristics which make it very easy to clean. Due to lower specific gravity of PPY under the same weight conditions, one gets more length of PP yarns compared to Nylon or Polyester yarns. PPY is used in the stitching of socks, undergarments, sports wear, woven sacks, geo textiles, sofa sets, safety belts, sewing thread and rope.

**Narrow Woven Fabric (NWF):** Narrow fabrics are non-elastic woven textiles with a width of 12 inches or less and a woven selvage on either side. NWF comes in different varieties such as satin cord, fancy cord and tape, all types of zipper tapes, mattress tape, leashes, elastic tape, ribbon, plain and fancy belts. NWF was initially used in the garment industry for hats, corsets and lingerie, and in military uniforms as well.



## SPECIALITY PRODUCTS

**Filigree:** Used in sheer curtains, shirting, suiting, scarves etc

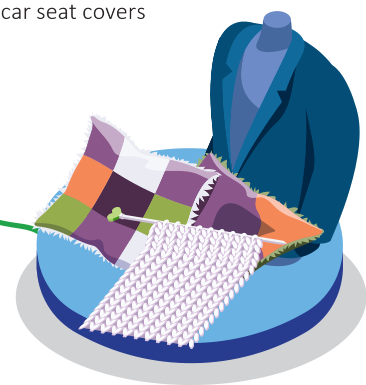
**Ocean:** Used in fancy knitwear, sheer curtains, frills for dresses

**Chubby Yarn:** Used in fancy knitwear, tee shirts & upholstery

**Cotslon:** Used in suiting & shirting, fancy knitwear, t-shirts & upholstery

**Soie FIL:** Used in upholstery, jackets & suits, etc

**Flexi FIL:** Used in sofa covers and car seat covers



## CATERING TO DIVERSE END- USERS

**Women Wear and Inner Wear:** Seam softness is critical in such garments. The textured Micro Denier has met the expected requirements and is being used in lingerie and performance garments such as activewear and yoga wear. The low shrinkage factor exists to ensure no seam distortion after washing and the soft feel aspect make these yarns an ideal choice.

**Apparel:** Polyester Filament Yarns (PFY) are extensively used in apparels like trousers, shirts, suitings and sarees. PFY is a high strength filament that can withstand repetitive movements. Colour fastness of Polyester Fiber is excellent too. Other properties such as being wear and tear resistant, water resistant, wrinkle resistant and hydrophobic properties make it ideal for all kinds of apparel.

**Home Textiles & Furnishings:** Polyester Filament Yarn is also used for home furnishings, fashion fabrics, terry towels, bed sheets, curtains, and carpets. Other growing applications are upholstery fabrics. Properties such as stain resistance make it ideal for carpets.

**Athleisure:** The preferred material for sportswear is Polyester Yarn. Sports leisure clothing requires a fabric that is not only strong and durable but also abrasion resistant. Ease of washing and corrosion resistance makes them easy to maintain with a long shelf life.

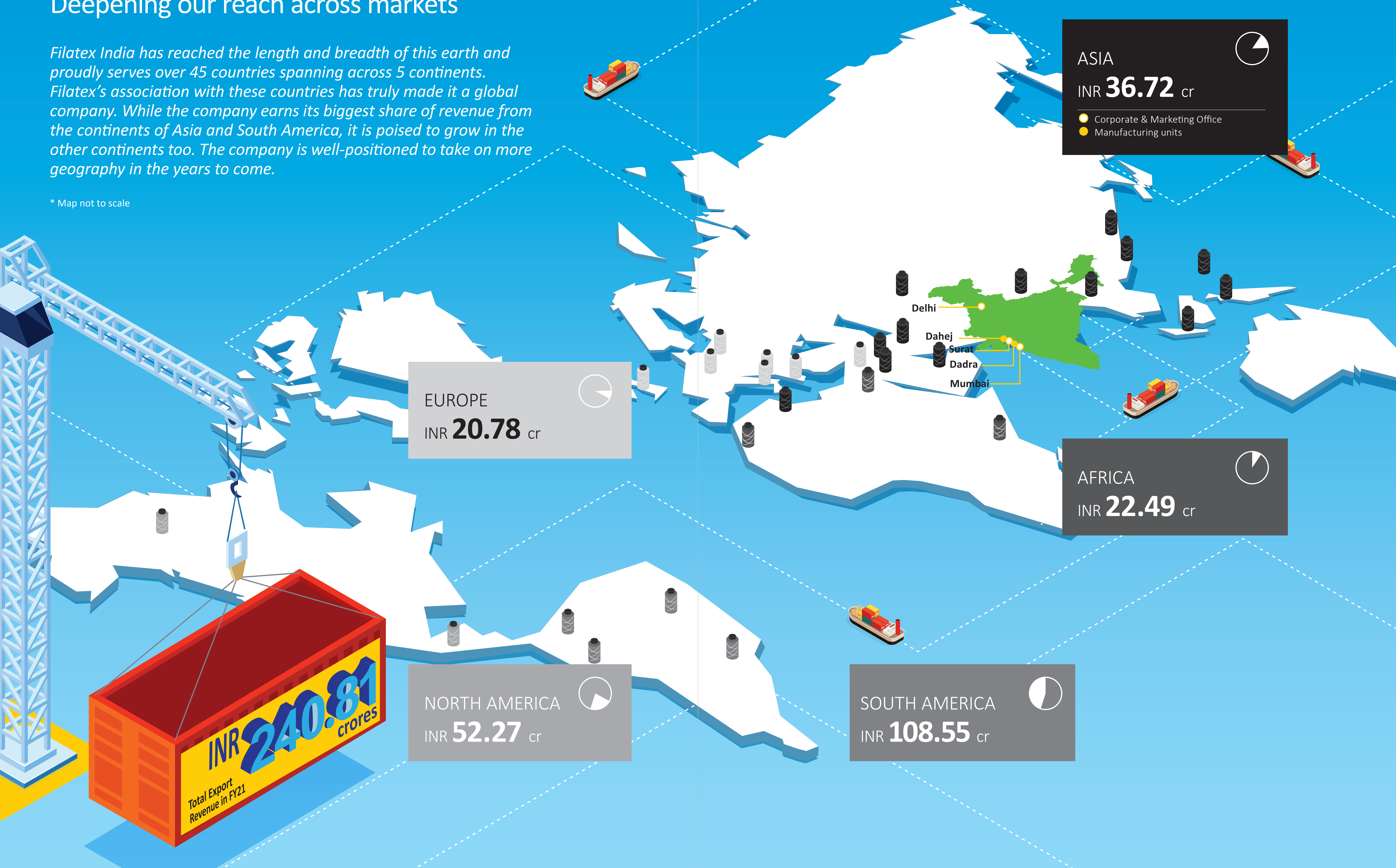
**Industrial:** Polyester finds application in a lot of industrial uses, owing to its strength and durability over natural fibres. It is used in the manufacturing of high strength ropes, threads, hoses, sails, power belting and much more.

**PPE Kits & Protective Masks:** Polyester & Polypropylene is used in the components of PPE kits as well as protective masks. Properties such as corrosion resistant, wear resistant and low shrinkage make them ideal choices to allow longer shelf life.

# Deepening our reach across markets

*Filatex India has reached the length and breadth of this earth and proudly serves over 45 countries spanning across 5 continents. Filatex's association with these countries has truly made it a global company. While the company earns its biggest share of revenue from the continents of Asia and South America, it is poised to grow in the other continents too. The company is well-positioned to take on more geography in the years to come.*

* Map not to scale



# From the chairman's desk

**Dear Shareholders,**

*The last year and a half have seen the COVID-19 pandemic cast a long shadow on virtually every aspect of life and add frequent disruptions to the sense of normalcy. However hard as it may be, the life cycle must go on and the same goes for business activities which are an integral part of life.*

**Madhu Sudhan Bhageria**
*Chairman & Managing Director*



## PERFORMANCE IN NUMBERS

It is my privilege and pleasure to share with you an update on the overall business performance of your Company during the period FY21. We finished the year under review with decent growth in our margins and overall profit. Despite a prolonged lockdown during which all production activities were halted and the consequent economic disruption caused a slowdown in the markets, the Company has reported revenues of INR 2,227.15 crores as compared to INR 2,782.07 crores in the previous year. The operating profit EBITDA achieved during the year was INR 347.34 crores as compared to INR 221.13 crores in FY20. The net profit in FY21 stands at INR 165.83 crores as compared to INR 121.47 crores in the previous financial year, a growth of 36.5%.

We achieved production of 2,58,690 MT as against 3,32,181 MT last year, a drop of around 22%, which is quite in line with the number of days lost due to mandatory national lockdown leading to production restrictions. However, the increase in profit in FY21 despite less production is due to several factors like near full capacity utilisation of yarns, good pent-up demand in the downstream sector and a drop in raw material prices in the international markets.

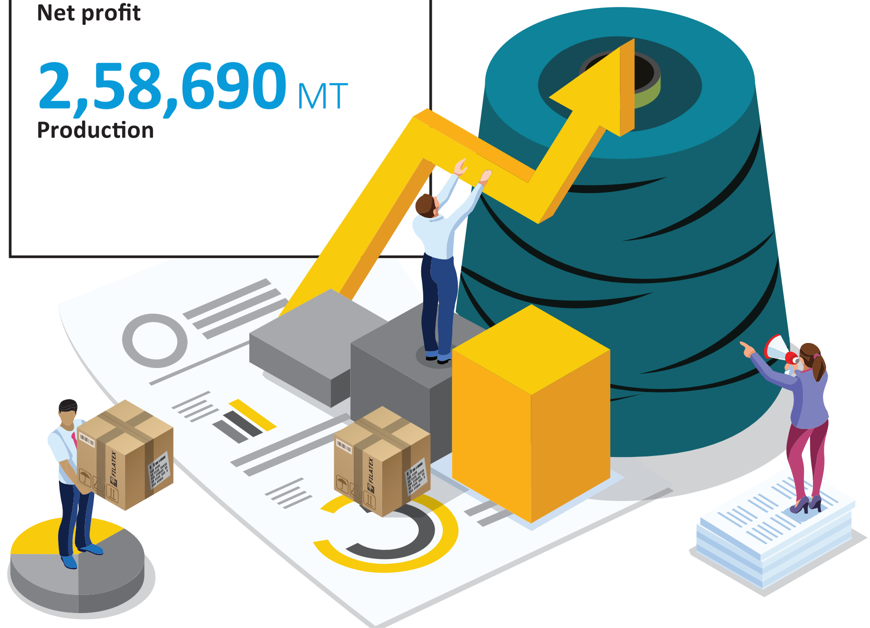
**REPORT CARD**

INR **2,227.15** cr
**Revenue from Operations**

INR **347.34** cr
**EBITDA**

INR **165.83** cr
**Net profit**

**2,58,690** MT
**Production**



## TURBULENCE DUE TO COVID-19 PANDEMIC

However, the numbers do not justify the gritty battle that we all had to face. The turmoil of this period will remain well etched in our memory and I am certain that it will be in everyone's memory all across the globe, not just from a business point of view, but the way our life changed in general. Measures taken to contain the spread of the virus, including travel bans, social distancing and closure of non-essential services, triggered massive disruptions to the unorganised sector and led to income/ job loss to millions of daily wagers and casual workers. Worried and scared workers, having lost means of income, chose to go back to their native place. This migration of the workforce caused a slowdown of economic activities in all sectors. The cascading ripples moved up to organised business resulting in a massive economic slowdown. Aware of the acute hardship caused by the unavoidable lockdown, the Indian government was desperately looking for an opportune moment to restore routine lives and business activities. Most of the manufacturers were permitted to start partial operations in the third week of May. Lockdown, containment zones, sealing of interstate borders, withdrawal of public transport like buses, trains and airlines presented a very tough challenge.

For us too, it became a battle of survival. Though challenges were many, the first and foremost was preventing the spread of the infection and loss of lives of our people. A lot of effort was taken to make them aware of the perils of the infection and the means to avoid the same. Masks, sanitization, social distancing, and work from home became commonly used words. In absence of a public transport system, getting workers back to plant from their villages was another mammoth task in which the Indian government provided support by way of speedily clearing travel permits. Providing food and nursing care during the isolation period of all sick employee was another feat.

**Our people did a magnificent job after the partial lifting of the lockdown. Most of them worked round the clock, going well beyond the call of regular duties assigned to them. In the plant, the lines of work between managers and supervisors blurred.**

## THE INDOMITABLE SPIRIT OF OUR PEOPLE

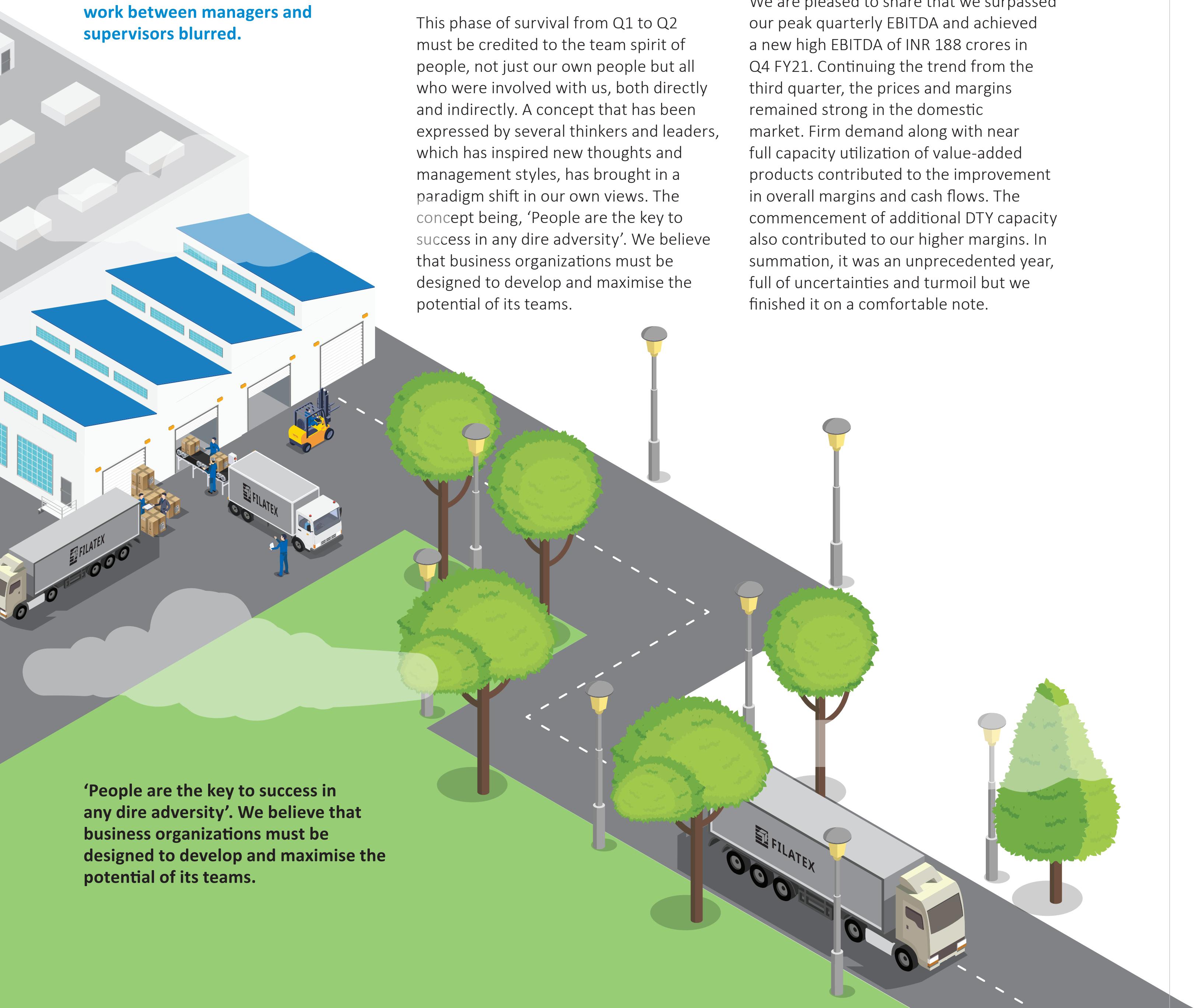
Our people did a magnificent job after the partial lifting of the lockdown. Most of them worked round the clock, going well beyond the call of regular duties assigned to them. In the plant, the lines of work between managers and supervisors blurred. Everyone outside the system also helped. Our transporters rallied behind us, helping us supply material to our downstream customers. It was during this period that we realised the immense power and potential of our people. The candid observation was that these people were not just a finite resource but a bundle of untapped potential which rose to meet the extremely diverse demands of the situations. The potential of the whole team far exceeded the sum of individual potential.

This phase of survival from Q1 to Q2 must be credited to the team spirit of people, not just our own people but all who were involved with us, both directly and indirectly. A concept that has been expressed by several thinkers and leaders, which has inspired new thoughts and management styles, has brought in a paradigm shift in our own views. The concept being, 'People are the key to success in any dire adversity'. We believe that business organizations must be designed to develop and maximise the potential of its teams.

## STEADY REVIVAL IN THE SECOND HALF

The continued momentum of the market and the strong support of the Indian government for the revival of all sectors of the economy, provided much-needed impetus to the industry players. It was anticipated to be a V-shaped recovery, and it turned out just so. Moving from Q2 to Q3 our performance improved, and we achieved our highest quarterly EBITDA of INR 120 crores. I must mention that this spurt was not just for us but it transpired for almost the entire textile chain. This was possible on account of a quick and steady recovery of the downstream textile sector and a sharp recovery in demand. Another factor worth mentioning in this regard is the steps taken by the Indian government to boost the textile industry.

We are pleased to share that we surpassed our peak quarterly EBITDA and achieved a new high EBITDA of INR 188 crores in Q4 FY21. Continuing the trend from the third quarter, the prices and margins remained strong in the domestic market. Firm demand along with near full capacity utilization of value-added products contributed to the improvement in overall margins and cash flows. The commencement of additional DTY capacity also contributed to our higher margins. In summation, it was an unprecedented year, full of uncertainties and turmoil but we finished it on a comfortable note.




**'People are the key to success in any dire adversity'. We believe that business organizations must be designed to develop and maximise the potential of its teams.**



## THE REGULATORY TAILWINDS

The Indian government has recognised the importance of synthetic textiles, and as such has taken several steps to boost the competitiveness of the domestic manufacturing capacity. The textile and apparel industry is one of the biggest growth drivers of the Indian economy. The textile sector will continue to play an important role in the economic revival and create millions of job opportunities - jobs which were lost due to the sudden lockdown causing extreme financial distress to MSMEs in the textile sector. The Indian government has realized the importance of the textile sector in job creation, due to its innate nature. Textile business including apparel and garments business is rather labour-intensive and the skillsets are easily replicated to new entrants in the workforce.

Upon hearing various representations by Industry bodies, the Indian government allowed for an increase in tax from 10% to 20% for about 300 textile products. Besides, a minimum value addition norm of 35% was introduced on imported textile products at zero duty from countries covered under FTA. In addition to abolishing anti-dumping duty on PTA, plugging these loopholes that were being misused by China and Bangladesh traders and manufacturers helped stabilize prices and induce better capacity utilization at all levels - yarns, fabrics, and garments.

The Indian government has also extended the rebate of state and central taxes and levies RoSCTL for exports of apparel and garments that are made till March 2024. However, textile products which are not covered under RoSCTL would be eligible to avail the benefits under RoDTEP. This will be a boost to the textile exporting industry.

## STRATEGIC WAY FORWARD

The company continues to review its plant operations and equipment and their optimal utilization. This exercise helps us optimize operating costs as well as discover opportunities for debottlenecking any surplus capacity. The company has identified opportunities to increase its CP melt capacity by around 50 tons per day. This additional melt along with surplus chips volume will be utilized for producing around 120 MT of POY.

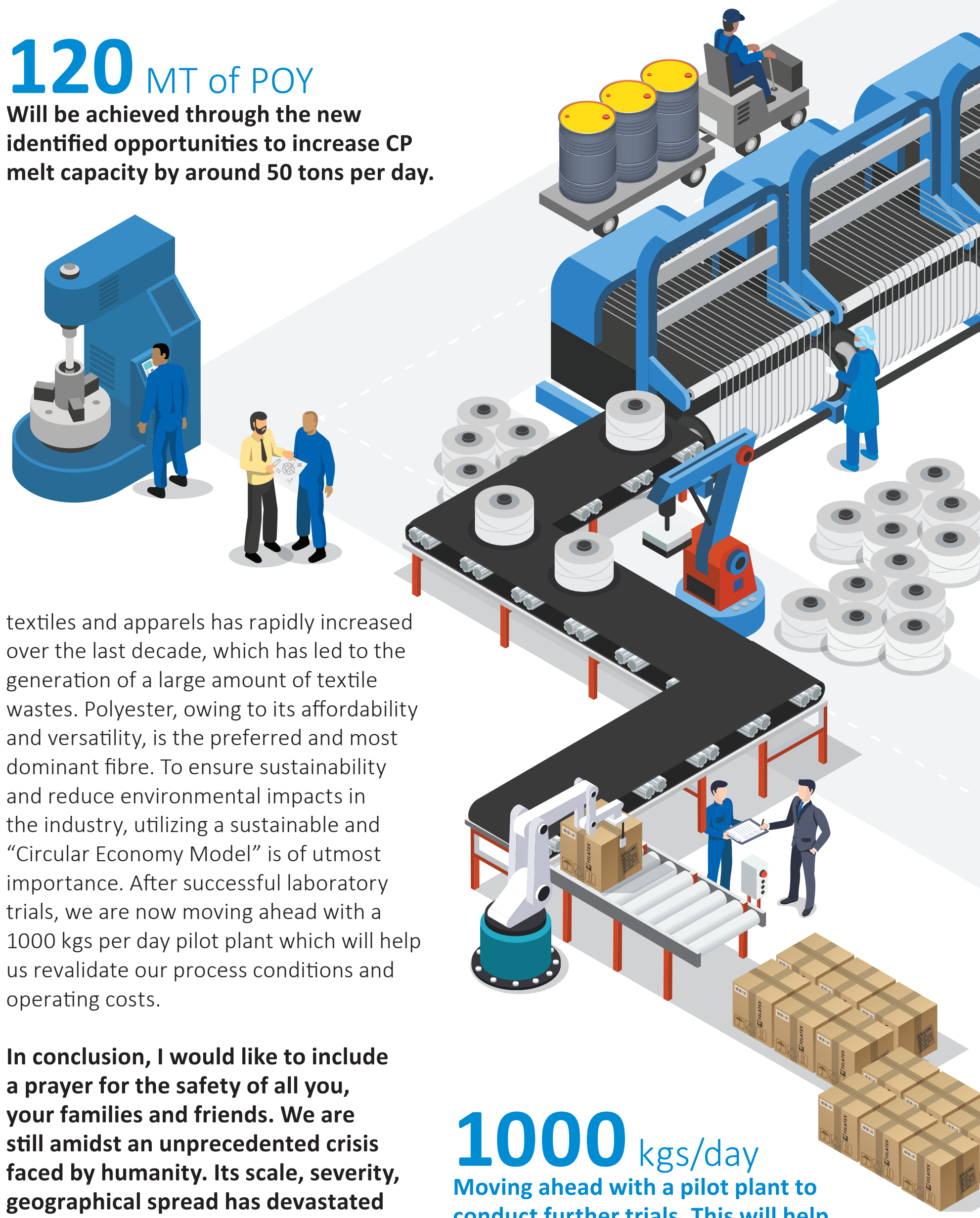
Our company is engaged in R&D activities, developing process parameters for recycling of polyesters. The future of textile manufacturing is at an inflection point. Global production of textiles and apparels has rapidly increased over the last decade, which has led to the generation of a large amount of textile wastes. Polyester, owing to its affordability and versatility, is the preferred and most dominant fibre. To ensure sustainability and reduce environmental impacts in the industry, utilizing a sustainable and "Circular Economy Model" is of utmost importance. After successful laboratory trials, we are now moving ahead with a 1000 kgs per day pilot plant which will help us revalidate our process conditions and operating costs.

**In conclusion, I would like to include a prayer for the safety of all you, your families and friends. We are still amidst an unprecedented crisis faced by humanity. Its scale, severity, geographical spread has devastated economies across the globe, whether developed or developing, and has caused enormous misery, emotional pain and grief. I would like to express my sincere gratitude and applause to the invincible spirit of our doctors and health workers, who have worked relentlessly round the clock, to serve and save lives despite the danger to their own.**

**Last but not the least, on behalf of the Filatex Board I would like to express gratitude for the continuous support extended by our shareholders, customers, business associates and bankers.**

**Madhu Sudhan Bhageria**
*Chairman & Managing Director*

**120** MT of POY
**Will be achieved through the new identified opportunities to increase CP melt capacity by around 50 tons per day.**



**1000** kgs/day
**Moving ahead with a pilot plant to conduct further trials. This will help us revalidate our process conditions and operating costs.**

# Resilient performance amidst a global challenge

*With the advent of COVID-19 and a nationwide lockdown for almost two months in April and May of 2020, Filatex's plants had zero production, which grossly impacted the Q1 results for this financial year.*

Once the lockdown was eased and production resumed at an initial capacity of 30% and then later to an optimum level, the company was able to achieve yarn capacity utilization which exceeded 90% in September 2020.

FY21 has been a growth year at Filatex as it achieved the highest ever EBITDA and EBITDA margin. The company was also able to utilise its cash surplus to reduce its debt which helped it achieve a debt equity ratio of 0.77. There is a steady improvement in most of the performance metrics of the Company in FY21.

## Financial Performance

**REVENUE FROM OPERATIONS**
(in INR crores)

| | |
|---|---|
| FY21 | **2,227.15** |
| FY20 | 2,782.07 |
| FY19 | 2,874.10 |
| FY18 | 1,974.45 |
| FY17 | 1,550.59 |

INR **2,227.15** cr

**EBITDA**
(in INR crores)

| | |
|---|---|
| FY21 | **347.34** |
| FY20 | 222.13 |
| FY19 | 216.52 |
| FY18 | 156.55 |
| FY17 | 132.83 |

INR **347.34** cr

**PROFIT BEFORE TAX**
(in INR crores)

| | |
|---|---|
| FY21 | **239.63** |
| FY20 | 121.98 |
| FY19 | 128.63 |
| FY18 | 92.72 |
| FY17 | 55.21 |

INR **239.63** cr

**PROFIT AFTER TAXES**
(in INR crores)

| | |
|---|---|
| FY21 | **165.83** |
| FY20 | 121.47 |
| FY19 | 84.85 |
| FY18 | 59.78 |
| FY17 | 41.20 |

INR **165.83** cr

**DEBT EQUITY RATIO**

| | |
|---|---|
| FY21 | **0.77** |
| FY20 | 1.21 |
| FY19 | 1.28 |
| FY18 | 1.85 |
| FY17 | 1.64 |

**0.77** X

**INTEREST COVERAGE RATIO**

| | |
|---|---|
| FY21 | **7.73** |
| FY20 | 4.46 |
| FY19 | 6.07 |
| FY18 | 4.22 |
| FY17 | 2.78 |

**7.73** X

## Scale of Operations

**TOTAL PRODUCTION VOLUMES**
(in tonnes)

| | |
|---|---|
| FY21 | **2,58,693** |
| FY20 | 3,32,185 |
| FY19 | 2,79,595 |
| FY18 | 2,21,422 |
| FY17 | 1,99,165 |

**2,58,693** MT

**NET BLOCK**
(in INR crores)

| | |
|---|---|
| FY21 | **1,265.09** |
| FY20 | 1,182.49 |
| FY19 | 1,000.01 |
| FY18 | 951.29 |
| FY17 | 577.88 |

INR **1,265.09** cr

## Operating Metrics

**DEBTOR DAYS**
(in number of days)

| | |
|---|---|
| FY21 | **19.69#** |
| FY20 | 14.90 |
| FY19 | 17.89 |
| FY18 | 35.33 |
| FY17 | 50.54 |

**19.69# days**

*# Keeping full year revenues as denominator shows a skewed number as the company experienced substantial loss of revenues due to the Covid-19 pandemic in H1FY21. However, if we consider changes in comparison to FY20 with the second half of FY21 (H2FY21), the debtor turnover ratio has arrived at 11.59 days as against 14.90 days.*

**RETURN ON EQUITY**
(in %)

| | |
|---|---|
| FY21 | **24.48** |
| FY20 | 22.77 |
| FY19 | 19.79 |
| FY18 | 17.72 |
| FY17 | 16.51 |

**24.48 %**

# Built to deliver long term value

*Filatex India's strong growth prospects and efficient delivery mechanism is a result of the company's long-standing value chain which has evolved over the years.*

## The value we invest

### INPUTS

**Steady Finances**

INR **762.47** cr
**Net worth**

INR **121.80** cr
**Capital expenditure**

INR **1,265.09** cr
**Net block**

INR **588.23** cr
**Debt**

**Integrated manufacturing operations**

**30+** years
**Manufacturing experience**

**1050** tonnes/day
**Capacity of Dahej plant**

**3,83,000** MTPA
**Production capacity (net of captive)**

**Skilled workforce**

- An experienced Board with in-depth industry knowledge
- Regular trainings conducted

**2,500+**
**Team members**

**Responsible business**

- Strong stakeholder grievance redressal mechanism

INR **1.20** cr
**CSR spend**

## Our value creation process

*Value-added products, with focus on researching and adding new products to its basket*

*CAPEX unfolding, with prospects of future growth*

**Business**

- Polyester Chips
- Polyester Multifilament Yarns
- Narrow Woven Fabrics
- Polypropylene Multifilament Yarns

*Captive power plant, uninterrupted power and savings in energy cost*

*Increased focus on export markets, on the back of China + 1 strategy*

## The value we deliver

### OUTPUTS

**Products**

- *Polyester chips*
- *Drawn Textured Yarns (DTY)*
- *Partially Oriented Yarns (POY)*
- *Fully Drawn Yarns (FDY)*
- *Air Textured Yarns (ATY)*
- *Polypropylene Multifilament Crimp Yarns (PPY)*
- *Narrow Woven Fabrics (NWF)*
- *Specialty products: Filigree, Ocean, Chubby Yarn, Cotslon, Soie FIL, Flexi FIL*

### OUTCOMES

INR **2,227.15** cr
**Revenue**

INR **165.83** cr
**PAT**

INR **347.34** cr
**EBITDA**

- High-quality polyester, polypropylene yarn and narrow woven fabrics
- Wide variety of shades and colours
- Among Top 5 manufacturers of polyester yarn in India
- Exporting to 45+ countries across five continents
- Received prestigious award for excellence in manufacturing
- Long-standing relationships with customers

- Highly motivated employees
- Low attrition rate
- Upskilled workforce updated on modern technology

- Impacting lives of our nearby communities
- Fair and ethical business practices

**STRONG FOUNDATION**

- Motivated workforce
- Diverse product portfolio
- Strong global presence
- Excellent customer relations
- Robust financial health
- Integrated value chain
- Superior production capabilities

# Growth through value addition

Filatex India touched a volume of 2,59,693 tons as compared to last year at 3,32,185 tons, a decrease of 22%. This decrease in production can be attributed to the nationwide lockdown in the months of April and May 2020 due to COVID-19 and the subsequent restrictions on manufacturing and manpower capacity at 30% in the initial months following the lockdown. However, with a gradual increase in production, the company achieved yarn capacity utilization exceeding 90% in September 2020.

## PRODUCTION CAPACITIES FY21

(in tonnes)

| Particulars | Installed Capacity | Captive Use | Net Capacity | Net Capacity in % |
|---|---|---|---|---|
| Polyester Chips | 86,400 | 34,600 | 51,800 | 13.5% |
| Polyester POY | 1,99,800 | 1,44,000 | 55,800 | 14.6% |
| Polyester FDY | 1,26,400 | 1,200 | 1,25,200 | 32.7% |
| Polyester DTY | 1,44,000 | 1,200 | 1,42,800 | 37.3% |
| Polypropylene | 9,000 | 4,000 | 5,000 | 1.3% |
| Narrow Woven Fabrics | 2,400 | 0 | 2,400 | 0.6% |
| **Total** | | | **3,83,000** | **100%** |


## ENHANCING OUR VALUE ADDED PRODUCT PORTFOLIO YEAR-ON-YEAR

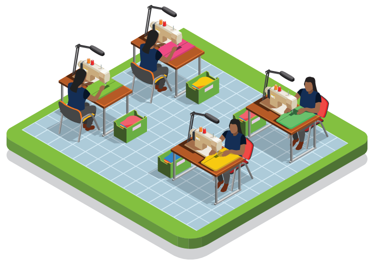
The company has made a planned effort to steadily increase its product basket. It has focused on improving its value-added product portfolio in the last 5-6 years.

The expansion in DTY and FDY capacities over the years has resulted in an increase in their contribution to the revenue as well as an improvement in margins.

# Committed to make a difference

*At Filatex India, the aspects of business growth and success are important. However, the company has always prioritised its people and the communities it operates in as much as the business. The company believes that with a happy and healthy community, the business can grow and reach greater heights. To that extent, Filatex has actively worked on various issues for its communities*

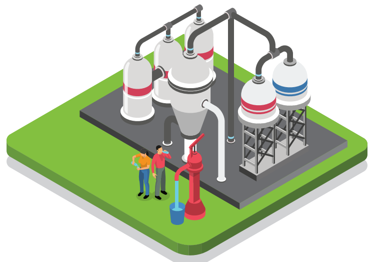
**EDUCATION**



**SELF-EMPLOYMENT OPPORTUNITIES FOR WOMEN**

**PRIMARY HEALTH INFRASTRUCTURE**

**HEALTH, ENVIRONMENT AND SAFETY AWARENESS**



**AVAILABILITY OF CLEANING DRINKING WATER**

With the onset of the COVID-19 pandemic, the company was also involved in providing various medical facilities and hosting awareness campaigns for its employees and communities. This included supporting primary health centres, providing oxygen cylinders and x-ray machines to nursing homes and hospitals.

In FY 2020-21, the company undertook rural development and cleanliness projects in the Jolva village of Bharuch in Gujarat,

- Constructed and developed facilities for the local school, temple and garden area
- Constructed a small house for underprivileged families of the village
- Provided modern technology equipment for cleaning work in nearby villages
- Provided plants and soil to the villagers for the development of their green belt
- Provided an ambulance vehicle to the nearby village community for transport to Dahej Hospital and Bharuch Hospital, in case of any medical emergencies.
- Organised health checkup camps and distributed medicines amongst the community

Currently, the company is engaged in the set up of a new hospital in Jolva village and is in the process acquiring land for the same. The company strives to walk the extra mile by building societies with equitable development. Filatex believes in achieving success but always with its people by its side.

## COVID-19 SAFETY AND PRECAUTIONS AT MANUFACTURING FACILITIES

Filatex India was proactive in its approach to prevent the spread of COVID-19 amongst its employees. The company actively worked towards fostering an environment that would be safe and healthy for its employees and their families. In its pursuit to curb the spread of the infection, the company followed the protocols as laid by the Indian government and the administration of State Governments. The company routinely sanitised its facilities and offices, and checked the temperature of its employees, along with following social distancing measures. Masks were distributed to the employees and time was kept aside for awareness sessions by internal teams. Further, the company created a group to broadcast awareness messages as shared by health and government authorities.

A dedicated COVID help desk was created to support the affected employees and their families. Steam machines and kadha were also provided for the employees at work. The company also created employee- led corona warriors who were in charge of patrolling the plant to ensure utmost following of all the norms and protocols.



# Responsible and sustainable growth

*At Filatex India, sustainability and environmental preservation are crucial and non-negotiable requirements.*

The company with its thorough R&D capabilities is at the constant lookout to reduce its environmental impact. With a diverse leadership team steering its strategies and operations, the company is well on its way to becoming more and more sustainableandenvironmentallysoundinthe coming years.

### FOCUS ON ENVIRONMENTAL R&D TO MINIMISE WASTE AND REDUCE CARBON FOOTPRINT

- Developing technology for recycling of Polyester waste.
- Developed a pilot plant adopting Glycolysis process and currently carrying out trials for depolymerization & repolymerization of PET waste and yarn waste
- Commissioned 1.4 MW rooftop Solar Power Plant at Dahej & Dadra

### ROBUST INTERNAL CHECKS AND PROCESSES

- Comprehensive Policy Framework & Robust Systems
- Internal & external audit to ensure compliance and improved quality standards of reporting

### DIVERSE AND EXPERIENCED BOARD OF DIRECTORS

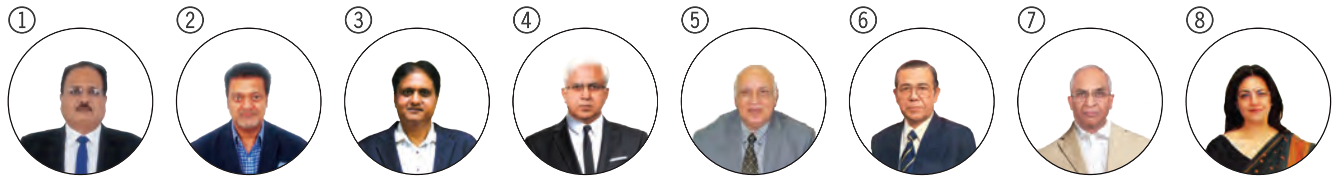
- Experienced board of directors with half of the board being independent directors
- Promoters with >3 decades of experience supported by board members with extensive experience across various domains

# Leading with responsibility

*Our board has the leadership, in-depth industry knowledge, and future outlook necessary to develop business strategies for uncertain times, deliver effective growth in all business environments, and create new opportunities through industry research and innovation.*


**Committees** ○ Member ● Chairman

Ⓐ Audit
Ⓝ Nomination and Renumeration
Ⓡ Risk Management
Ⓒ Corporate Social Responsibility
Ⓢ Shareholders Relationship




### ① Madhu Sudhan Bhageria
*Chairman & Managing Director*

- A commerce graduate from the reputed Shri Ram College of Commerce, Delhi University
- Almost four decades of financial, operational and strategic planning experience in synthetic and polyester yarn, environment and energy innovation
- Former President of PTA Users Association, a body dealing with key impediments for the growth of polyester

### ② Purrshottam Bhageria
*Joint Managing Director*

- Graduated in finance from S.C. Johnson Graduates School of Management, Cornell University, USA with distinction
- A dynamic man with diverse experience in corporate affairs, policy perspectives, investments, compliance and legal issues
- Honorary Consul of Republic of Moldova in India since March 2011
- Board Member (Director) of FICAC (World Federation of Consuls) and Secretary- General, Hony. Consular Corps Diplomatique (HCCD), an all India body of all the Honorary Consuls
- Chairman of International Affairs Committee of Europe, PHD Chambers of Commerce

### ③ Madhav Bhageria
*Joint Managing Director*

- Commerce graduate from Hindu College, Delhi University
- Over 36 years of rich experience in marketing, operations, insurance and contracts
- Guiding the finance team in his role as CFO
- Promoter Director of Tapti Valley Education Foundation, an international school in Surat

### ④ Ashok Chauhan
*Executive Director*

- A graduate in Mechanical Engineering and an MBA from Delhi University
- Awarded 'Gold medallist' and 'Best Sportsman award' in under graduate college
- Over four decades of experience in diverse industry segments like Pulp & Paper, Chemicals, Engineering Consultancy, Polyester Film, PET Filament, Hydro Power Plants, Solar/ Wind/ Renewable Energy, Real Estate Development & Construction to name a few
- Vast experience in corporate planning, business investment strategies, operations, organization development, organizational behavior, succession planning and risk evaluation

### ⑤ Suraj Parkash Setia
*Independent Director*

- A graduate in Textile Engineering from Bhiwani
- Rich experience in the textile industry and providing consultancy to textile industry since 1982
- Serves as a Director in various other companies

### ⑥ Swarup Chandra Parija
*Independent Director*

- Double Master's Degree in Political Science from Allahabad University and an MSc in Fiscal Studies from University of Bath, United Kingdom
- With almost four decades of work experience with the Government of India, he served as the Director of Income-Tax Investigation, Chief Commissioner of Income- Tax and Director General of Income-tax Investigation during his tenure
- Served as a Chairman of Income-Tax Settlement Commission and as Chief of Administration and Finance with All India Institute of Medical Sciences

### ⑦ Brij Bihari Tandon
*Independent Director*

- M.A. in Economics and an LLB degree holder from the University of Delhi. CAIIB (Associate Certificate of the Indian Institute of Bankers)
- Retd. IAS Officer and former Chief Election Commissioner of India
- Served as Secretary to the Government of India in various key ministries/ departments
- Served as Secretary to The Govt. of Himachal Pradesh in various key departments like Industry, Power, Mining, etc.
- Served as a member of the Securities & Exchange Board of India (Special Invitee)

### ⑧ Pallavi Joshi Bakhru
*Independent Director*

- Rich experience of almost three decades in the field of taxation. Her area of expertise includes inbound and outbound structuring advisory (including regulatory compliance) for both Indian and overseas investors
- Fellow member of the Institute of Chartered Accountants of India, Member of the International Fiscal Association – (India Branch) and a charter member with Tie - Delhi chapter
- Recognised as one of the top 10 Women in Taxation in India by the International Tax Review in 2015

# Management discussion and analysis

## GLOBAL ECONOMY

Global prospects remain highly uncertain a year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines—it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

Global growth is projected at 6% in FY22, moderating to 4.4% in FY23. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of FY22, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.[1]

**6%**
**Projection of global growth for FY22**

## INDIAN ECONOMY

After growing at a steady rate for years, India's economy had already begun to slow down before the onset of the COVID-19 pandemic. Between FY17 and FY20, growth decelerated from 8.3% to 4.0%, with weaknesses in the financial sector compounded by a decline in the growth of private consumption.

The implementation of a national lockdown on March 25, 2020, brought economic activity to a halt, affecting both production and consumption. As a result, growth was negative in the first half of the fiscal year (April to September 2020) and only modestly positive in the second half. Over the entire FY21, India's economy is estimated to have contracted by 7.3%.

In response to the COVID-19 shock, the Government and the Reserve Bank of India took several monetary and fiscal policy measures to support vulnerable firms and households, expand service delivery (with increased spending on health and social protection) and cushion the impact of the crisis on the economy. Thanks in part to these proactive measures, the economy is expected to rebound in FY22 and growth is expected to stabilize at around 6-6.5% thereafter.

Just as the economy was recovering, India witnessed the fury of the second wave of COVID-19 in Q1 FY22 which destabilized the country again. The second wave was more devastating in its effect compared to the first, causing extreme stress on healthcare infrastructure. In the second wave rural areas started reporting more cases than urban ones, the distress and panic was widespread. An analysis of more than 50 most severely hit districts indicated that 26 were in rural areas. Rural areas in the state of Maharashtra, Andhra Pradesh and Kerala were the worst impacted. The situation was further aggravated, due to the inadequacy of medical infrastructure in the rural areas and the rush of patients from villages and smaller towns to urban centers.

We believe that economic fallout of the second wave of the pandemic, at worst, is likely to remain restricted to the first half of this financial year, although availability of vaccines and revival in private consumption will determine the speed of economic recovery.

## GLOBAL TEXTILE INDUSTRY

Asia Pacific is expected to be the largest shareholder in the global polyester fibre industry. The rapid urbanization and industrialization in developing countries such as India and China are driving the regional market. Additionally, the growing disposable income in the region has led to the increase in demand for better living standards, thereby aiding the market. The presence of key players in China, Vietnam, and India are expected to propel the regional growth. The market is further propelled by factors such as the presence of abundant raw materials and the growing demand for textiles, carpet, and home furnishing and décor goods in the region.

The developing regional flooring and furnishing industry and the growing polyester fibre exports from the Asia Pacific countries are expected

**Asia Pacific is expected to be the largest shareholder in the global polyester fibre industry**

to provide new growth opportunities to the market. Meanwhile, North America and Europe are projected to witness a steady growth rate in terms of sales of the polyester fibre.

The global lockdown imposed amidst the coronavirus (COVID-19) pandemic significantly affected the global textile and apparels industry due to disruption in supply chains, transportation restrictions, and unavailability of workers.

However, as the year progressed the textile industry saw an upward trend and towards the end of the financial year it was well on the path to making an overall improvement in its performance.

## INDIAN TEXTILE INDUSTRY

India's textiles industry is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital- intensive sophisticated mills sector on the other end. The decentralized power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of the textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce a wide variety of products suitable for different market segments, both within India and across the world.

When the COVID-19 pandemic hit India, the country witnessed months of nationwide lockdown causing an overall decrease in consumption of all products - food, consumer, textiles, etc. It readily impacted the various industries in India and textile was one such industry that took a massive hit. The textile and clothing industry being a labor and capital intensive one, was further compromised due to the mass exodus of the migrant laborers across the country. This disruption in workflow and production schedule impacted many companies and the industry as a whole. Prolonged closure of malls and retail showrooms made the situation only worse.

Following the measures to cope up with COVID-19 after a restart, the textile industry expected a U shape recovery but witnessed more like V shape recovery. This recovery was experienced across the whole textile sector. From July onward the fabric units started functioning again amidst scattered orders from domestic buyers. By November, not only were the fabric manufacturers able to exhaust their unsold inventory but also the entire fabric and apparel chain experienced unprecedented business opportunities leading to firm demand for fibers and filaments.

Domestic textile units received extra export business as global brands found it risky to depend on suppliers from a single country due to the pandemic. China being the dominant supplier lost some portion of its supply to India. This new situation led to an advantageous position for many small fabric and apparel units in India. This in turn perked up the demand for yarns and fibers further and remained strong as even imports of fabrics to India from China reduced substantially.

**Domestic textile units received extra export business as global brands found it risky to depend on suppliers from a single country due to the pandemic.**

The government also introduced several restrictions on the import of fabrics and garments from Bangladesh that now required a minimum 35% of value addition by Bangladesh suppliers in order to benefit under the Free Trade Policy. This will restrict Chinese textile imports from Bangladesh into India and lead to an increase in demand from the Indian producers.

*[1] IMF Report, April 2021, 'Managing Divergent Recoveries' World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)*
*[2] Preferred Fiber & Materials - Market Report 2020*
*[3] Preferred Fiber & Materials - Market Report 2020*

## POLYESTER INDUSTRY OUTLOOK

With an annual production of around 57.7 million MT, polyester had a share of approximately 52% of the global fiber production in 2019.[2] The growth of the global market for polyester fibre is primarily driven by the rising demand for sports apparels, quick-dry clothing, and outdoor activity equipment such as tents, sleeping bags, and waterproof liners, among others. Additionally, the increasing preference for polyester fibre over cotton owing to its abrasion resistance, higher strength, and anti-wrinkle properties is likely to aid the market growth. The increasing demand from various industries such as automobile, electronics, and hospitality are projected to provide ample growth opportunities to the market. Additionally, the increasing application of polyester fibre in goods such as drapes, mattress, carpets, and rugs for commercial and residential application is expected to push the market further.

The global shift in fashion towards man- made fibers was finally noticed by the Indian government and the additional anti-dumping duty on PTA was abolished by the Ministry of Finance in the budget announced in February 2020. This abolishment has levelled the playing field for the Indian manufacturers and has made a positive impact in the domestic business environment as well as global competitiveness.

Government has also announced production linked incentive PLI under which manmade fiber garments and technical textiles are expected to be the main recipients. As Polyester constitutes almost 90% of man-made filaments, this is expected to further boost the demand for polyester filaments in India.

## RECYCLED POLYESTER INDUSTRY OUTLOOK

As the volumes of plastic waste became visible in public places, beaches, and tourist destinations, it caught the attention of not only several international organizations monitoring the environment, but the public at large. Initial efforts of the industry were focused on collecting pet bottles, cleaning them, shredding them into flakes, which were melted and homogenized.

**The growth of the global market for polyester fibre is primarily driven by the rising demand for sports apparels, quick-dry clothing, and outdoor activity equipment such as tents, sleeping bags, and waterproof liners.**

Many plants came up and China became the key player in making fibers from waste bottles. Several plants came up in India also. Bottle collections starting from rag pickers to scrap dealers became organized. The bottle scrap has no intrinsic value unless there are units to process this scrap into a useful material. This process is called mechanical recycling. However, this step though quite effective for bottle and container grade polyester served a limited purpose as it does not address the utilization of textile waste.

While the share of recycled polyester is increasing and reached 14% in 2019[3], it is not yet advancing at the speed and scale required. As the fiber with a 2/3rd market share, the impact scale of polyester textiles is enormous. While using plastic bottles, which constitute 1/3rd of the Polyester consumption, as feedstock is a good start, the need to move towards textile-to-textile recycling and urgently improve social conditions in waste collection and recycling is imminent.

In terms of the ecosystem, all textile fibers whether natural or synthetic though essential create compelling environmental issues like consuming large quantities of water, polluting water streams with dyes & processing chemicals, washing adds microfibers which are now settling in oceans, etc. Polyester is a polymer of two hydrocarbon products, and it can be chemically reversed and de-polymerized.

Many companies have experimented with depolymerization and lots of study material is available on the subject. However, it is only after the sustainability of textiles gathered momentum, by way of greater awareness of customers and equal zeal showcased by large brands to commit funds to the cause, that recycling by way of reversing the polyester towards the virgin material has come back into focus. This process is called chemical recycling. The market share of chemically recycled polyester is still very low. With new operations starting the commercial production of chemically recycled polyester and further companies in the research and development phase, the market share of chemically recycled polyester is expected to grow in the coming years.

## COMPANY OVERVIEW

Filatex India Limited is rated among the top five manufacturers of Polyester Filament yarns in India. It manufactures a wide variety of yarns; POY, FDY, DTY and Air Textured Yarn (ATY) in full range of coarse and fine deniers, in all kinds of shades and varieties like Bright, Semi Dull, Black and Dope dyed colours. The company manufactures in its two manufacturing units - Dahej (Gujarat) and Dadra (Union Territory of Dadra & Nagar Haveli). The company started with a small capacity of 5,000 TPA in 1996 and today it has reached a capacity of over 3,80,000 TPA.

The plant at Dahej has an integrated spinning facility with continuous polymerization while the plant in Dadra manufactures Dope Dyed Polyester and Polypropylene Yarns.

**+3,80,000** TPA

**Combined production from the plant at Dahej has an integrated spinning facility with continuous polymerization while the plant in Dadra manufactures Dope Dyed Polyester and Polypropylene Yarns**

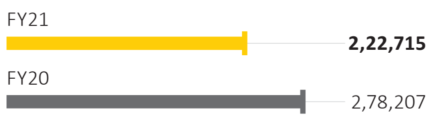
### Financial Overview

Overall, the company has performed well in FY21 despite the economic slowdown of the country in the first quarter of the year. Filatex was able to pick up its reins in the subsequent quarters and performed exceptionally well in the Q4 of FY21.

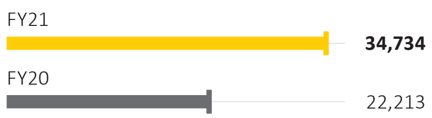
The Company achieved its highest ever quarterly EBITDA of INR 188.7 crores and EBITDA margin of 22.1% in Q4FY21. The company also utilized its surplus cash to reduce debt in FY21 which helped it achieve a Debt - Equity ratio of 0.77.

**Annual Performance FY21** (INR in Lakhs)

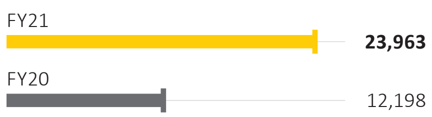
**REVENUE FROM OPERATIONS** (Net Sales)




**EBITDA**




**PBT** (before exceptional items)




**PAT**


**EARNINGS PER SHARE** (Basic)



**Quarterly Performance FY2020-2021**

(INR in lakhs)

| Particulars | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Production (MTs) | 16,833 | 72,733 | 85,220 | 83,906 |
| Sales (MTs) | 20,439 | 75,234 | 86,535 | 77,698 |
| Revenue from operations (Net Sales) | 14,501 | 50,779 | 72,159 | 85,276 |
| EBITDA | (605) | 4,451 | 12,017 | 18,871 |
| PBT (before exceptional item) | (3,727) | 1,267 | 9,118 | 17,305 |
| PAT | (2,797) | 938 | 6,603 | 11,839 |

### Key Financial Ratios

Disclosures of key changes in financial indicators
[SEBI (LODR) (Amendment) Regulations, 2018, Para 3(x)(b)]

| Ratio | FY20 | FY21 |
|---|---|---|
| Debtor Turnover Ratio in days | 14.90 | 19.69 |
| Inventory Turnover Ratio in days | 22.59 | 34.92 |
| Interest Coverage Ratio* | 4.46 | 7.73 |
| Current Ratio | 1.21 | 1.36 |
| Debt Equity Ratio | 1.21 | 0.77 |
| Operating Profit Margin | 7.98% | 15.60% |
| Net Profit Margin | 4.37% | 7.45% |
| Return on Net Worth | 22.77% | 24.48% |

** For the purpose of calculating interest coverage ratio, EBITDA has been considered before other income & interest covers interest on term loan, working capital loan and exchange difference regarded as an adjustment to borrowing cost.*

### Debtor Turnover Ratio (days)

Debtor Turnover Ratio of the company stood at 19.69 days as at 31.03.2021 as against 14.90 days as at 31.03.2020 shows increase by 32.14%.

During the first half of FY21, the manufacturing facilities of the company were shut for almost 8 weeks and on resumption, gradually increased its production and reached optimum levels by end of September 2020, which caused substantial loss of revenues. Therefore, keeping full year revenues as denominator gives a skewed picture. However, if we consider changes in comparison to FY20 with the second half of FY21 (H2FY21), the Debtor Turnover Ratio arrives at 11.59 days as against 14.90 days. Therefore, this indicates an improvement of 22% was observed in the ratio.

### Inventory Turnover Ratio (days)

Inventory Turnover Ratio of the company stood at 34.92 days as at 31.03.2021 as against 22.59 days as at 31.03.2020 shows increase by 54.58%.

Similarly, as explained above, if we consider changes in comparison to FY20 with the second half of FY21 (H2FY21), the Inventory Turnover Ratio arrives at 22.39 days as against 22.59 days. Therefore, technically, no major change was observed in the ratio.

### Interest Coverage Ratio

Interest Coverage Ratio of the company stood at 7.73 times as at 31.03.2021 as against 4.46 times as at 31.03.2020 shows improvement by 73.32%.

Despite the turmoil of COVID-19 in the first half of FY21, the demand for textiles bounced back in the second half. This along with almost full capacity utilization of our value-added capacities resulted in improved EBIDTA of INR 347.34 Crores from INR 222.13 crores in FY20.

Also, the company has utilised its available surplus partially to reduce its long-term debts and strengthened its net working capital.

### Debt Equity Ratio

Debt Equity Ratio of the company stood at 0.77 times as on 31.03.2021 as against 1.21 times as on 31.03.2020 showing an improvement by 36.36%.

During the year, the Company has generated healthy cash accruals and has retained a portion of the same into the system, resulting in substantial improvement in its Tangible Net Worth. Also, the Company has used its accruals to reduce its long-term debts. Thus, the company was able to improve its Debt Equity Ratio.

### Operating Profit Margin (EBIDTA Margin)

Operating Profits Margin (EBIDTA Margin) of the company stood at 15.60% as at 31.03.2021 as against 7.98% as at 31.03.2020 shows improvement in margin by 95.49%.

The Company has reported revenues of INR 2,227.15 crores as compared to INR 2,782.07 crores in the previous year. The operating profit EBIDTA achieved during the year was INR 347.34 crores as compared to INR 222.13 crores in FY20.

The Company has achieved a production of 258690 MT in FY 2021 as against 332181 MT in FY2020, a drop of around 22% which is quite in line with the number of days lost due to mandatory lock down. However, the increase in profit in FY21 despite less production is due to several factors like upon resumption of normal operations - almost full capacity utilisation of yarns, a good pent-up demand in the downstream sector and drop in raw material prices which fell in the international markets.

The company has a diversified product portfolio with partially oriented yarn (POY), draw textured yarn (DTY), fully drawn yarn (FDY), polypropylene yarn, polyester chips and narrow woven fabrics.

The contribution of value-added product viz. DTY has increased from 28% in FY20 to 42% in FY21. The government has also taken effective steps to plug loopholes by imposing value addition norms on garments that have curbed duty-free imports from Free Trade Agreement (FTA) countries and increasing custom duty rates from 10% to 20% on the import of around 300 textile products. Along with the removal of Anti-dumping duty on PTA (the key raw material), all these initiatives have led to an improvement in the polyester industry's competitiveness.

With a diversified product mix, firm demand and government support, the company was able to achieve improved Operating Margin (EBIDTA margin) in FY21.

### Net Profit Margin

Net Profit Margin of the company stood at 7.45% as at 31.03.2021 as against 4.37% as at 31.03.2020 showcasing an improvement in margin by 70.48%.

The improvement in the overall Operating Profit Margins (EBIDTA margins) , as explained above, has also led to a positive impact on Net Profit Margins.

### Return on Net Worth

Return on Net Worth of the company stood at 24.48% as at 31.03.2021 as against 22.77% as at 31.03.2020 shows improvement by 7.51%

The company substantially improved its profitability by way of adding more value-added products. This helped the company improve its Return of Net Worth in FY21.

### Overall Performance

Though FY21 has not been the kindest of years, and despite its many economic curveballs the company is pleased with its performance. The company witnessed a high EBITDA and EBITDA margins growth at INR 347.34 crores and 15.6% respectively. The PAT and PBT also saw a steady rise despite the many hurdles in the form of lockdowns and shortage of labor.

Increase in texturized yarn capacity, a value-added product with global demand, has opened access to a larger market, spread all over the country and abroad.

## GROWTH PLANS & PROSPECTS

Filatex is setting up a 30 MW captive thermal power plant in Dahej which will ensure stable power supply, reduce the energy cost and result in savings of INR 40 crores annually.

With a view of further scope for improvement in performance, the company has decided to increase its CP melt capacity by 50 TPD. This additional melt along with surplus chips volume will be utilized for manufacturing around 120 TPD of Polyester Partially Oriented Yarn at Dahej plant. The company also plans to replace two existing POY lines (144 ends) with two new POY lines (192 ends) at the Dadra plant increasing the POY capacity of the plant by 5 TPD as well as further improving the quality of the yarn produced.

The product basket at present, offers Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY), Drawn Textured Yarn (DTY) and the new launched Air Textured Yarn (ATY)

**30** MW

**Captive Thermal power plant setup in Dahej for stable power supply**

in full range of coarse and fine deniers in all kinds of shades and varieties like Bright, Semi Dull, Black and dope-dyed colours as well as Polyester Chips and Narrow Woven Fabric. Moving forward, the company is focused on researching and developing new filaments with niche characteristics to add to its product portfolio.

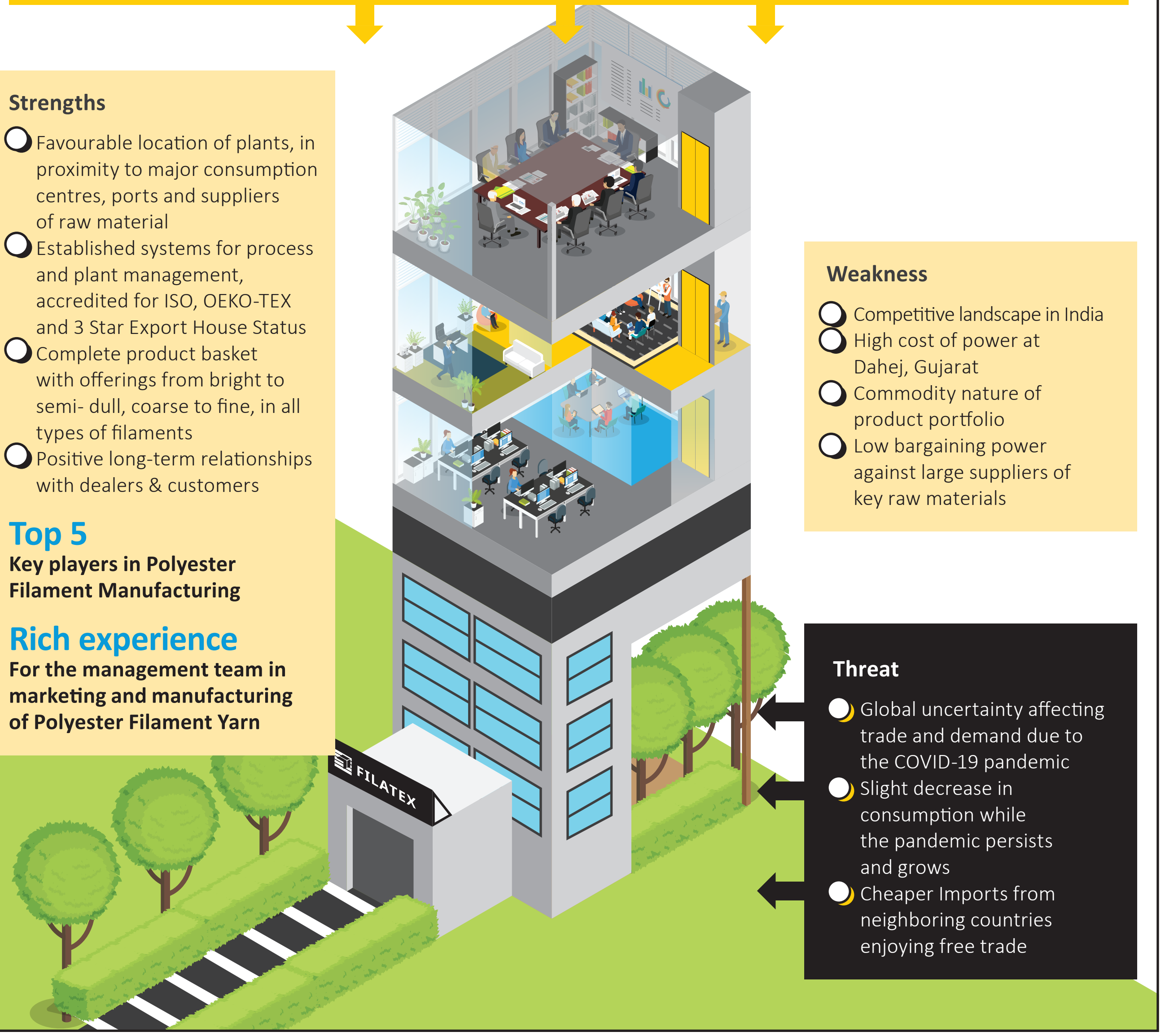
The demand for recycled polyester is increasing rapidly in line with consumer awareness and acceptance as leading brands in fast fashion segments are promoting sustainability in the textile industry. This has led to an increase in the global demand for recycled polyester fibre. Increasing demand for recycled yarn coupled with increasing application areas of Polyester yarn is anticipated to accelerate the market growth for coming years.

The Company has setup a small pilot plant for researching new and improved ways of recycling polyester to reduce polyester waste and its effects on the planet. Post successful trials, the company plans to build a larger capacity plant of around 1000 kgs per day for further trials before going ahead with a full-scale plant.

## SWOT ANALYSIS

### Opportunities

- Captive Power Plant to reduce energy cost and ensure stable power supply
- Rich product basket enhancing focus on exports
- Increasing demand for recycled polyester yarn
- China+1 model adopted post COVID-19 pandemic
- Global competitiveness due to abolishment of anti- dumping duty on PTA
- Development of niche products with unique characteristics and properties to discover new markets and uses for Polyester




### Strengths

- Favourable location of plants, in proximity to major consumption centres, ports and suppliers of raw material
- Established systems for process and plant management, accredited for ISO, OEKO-TEX and 3 Star Export House Status
- Complete product basket with offerings from bright to semi- dull, coarse to fine, in all types of filaments
- Positive long-term relationships with dealers & customers

**Top 5**
**Key players in Polyester Filament Manufacturing**

**Rich experience**
**For the management team in marketing and manufacturing of Polyester Filament Yarn**

### Weakness

- Competitive landscape in India
- High cost of power at Dahej, Gujarat
- Commodity nature of product portfolio
- Low bargaining power against large suppliers of key raw materials

### Threat

- Global uncertainty affecting trade and demand due to the COVID-19 pandemic
- Slight decrease in consumption while the pandemic persists and grows
- Cheaper Imports from neighboring countries enjoying free trade



## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company recognizes its people as its most valuable resource. To that effect, the company has formulated policies to nurture the talent of employees and to ensure growth possibilities are offered, and their capabilities grow in tandem with their responsibilities. The HR management considers the capability, commitment and sincerity while evaluating talent within the company. To retain talent, the company has offered ESOS to its senior employees. Second tranche of ESOS has been granted which also covers good performers as well, irrespective of their levels. As a welfare measure "Group Accident Insurance Scheme" has been introduced for all the employees.

Consistent and fair HR policies ensure that industrial relations continue to be peaceful and cordial and results in increasing productivity and effectiveness. The Company aims at creating a development-oriented approach for its employees by building systems, processes and focusing on recruitment of good quality manpower. Focus on transparent performance appraisal and productivity linked incentive schemes have resulted in a motivated workforce and increased productivity. Another significant step for promotion or recruitment at senior level is carrying out temperament tests and management aptitude tests which help in judging the soft skills which are essential to steer the company's operation.

The company regularly conducts training programs to improve the skill sets and work capability of employees at various levels which are necessary for their growth. A great deal of emphasis is placed on creating a succession plan for all key positions. This emphasis is extended to well qualified, young family members who are going through arduous training programs in different facets of operations.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Filatex has a strong internal monitoring & control system to achieve efficiency of operations, processes and to safeguard the company's assets against any loss from unauthorized usage and ensure proper authorization of financial transactions. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The Company has a 'Budgetary Control' system and actual performance is regularly monitored by the Management. It has well defined organization structure, authority matrix and internal guidelines and rules.


**The company regularly conducts training programs to improve the skill sets and work capability of employees at various levels which are necessary for their growth.**

The internal control system ensures that the financial and other records are reliable for preparing financial statements and maintaining proper records of assets.

The company continues to have an independent agency as the Internal Auditor to review "Operations & Systems" audits in accordance with the audit guidelines stipulated by the audit committee. The internal auditors, as part of their assignment, evaluate and assess the adequacy and effectiveness of internal control measures and compliance with general accounting principles & statutory requirements. The internal audit reports are discussed / reviewed by senior management and the audit committee of the Board and on its recommendations appropriate actions are initiated to ensure full compliance.

## STATUTORY COMPLIANCE

The Chairman & Managing Director and CFO make a declaration at each Board Meeting regarding the compliance to the provisions of various statutes, after obtaining confirmation from all the units of the company. The company secretary ensures compliance in accordance with Companies Act, SEBI regulations and provisions of the Listing Agreement.

## FORWARD LOOKING STATEMENT

The Management of Filatex has prepared and is responsible for the financial statements that appear in this report. These statements are in conformity with the latest accounting principles generally accepted in India.

The statements describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Management has made these statements based on its assessment, expectations, and projections about the future events.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include key raw materials availability and prices, cyclical demand of the products in the markets, changes in Government regulations, exchange rate fluctuations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Management undertakes no obligation to publicly update any forward- looking statements, whether as a result of new information, future events or otherwise.

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting 31st Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2021.

## FINANCIAL RESULTS:

(₹ in lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Total revenue (Turnover) | 2,22,715 | 2,78,207 |
| Other income | 946 | 1,242 |
| **Total Income** | **2,23,661** | **2,79,449** |
| Profit before Finance Cost, Depreciation and Tax | 35,680 | 23,455 |
| Finance Cost | 5,881 | 6,129 |
| Depreciation & amortization expense | 5,836 | 5,127 |
| **Profit/(Loss) before tax** | **23,963** | **12,199** |
| Tax expense | | |
| - Current | 6,138 | 2,129 |
| - Deferred | 1,242 | (2,077) |
| Total Tax | 7,380 | 52 |
| **Net Profit/(Loss) after tax** | **16,583** | **12,147** |
| Other comprehensive income / (losses) | 30 | 2 |
| **Total comprehensive income** | **16,613** | **12,149** |

## DIVIDEND

The Board of Directors of the Company ('the Board') has recommended final dividend of ₹ 0.40 (Forty Paisa) per equity share on 22,24,65,250 equity shares of face value ₹ 2 each for the year ended March 31, 2021. The dividend on equity shares is subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company. The dividend once approved by Shareholders will be paid within prescribed time limit.

## DIVIDEND DISTRIBUTION POLICY

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Board of Directors of the Company in its meeting held on 27th July, 2021 has formulated and adopted the Dividend Distribution Policy ('DDP'). The Dividend Distribution Policy is annexed to this report as **Annexure "A"** and is also available on the Company's website www.filatex.com

As per section 194 of Income Tax Act, a company is required to deduct TDS @ 10% on dividend payment if it exceed ₹ 5000/-. However , no TDS shall be deducted in the case of any dividend payment to , Life Insurance Corporation, General Insurance Corporation of India, any other insurer and Mutual Funds specified u/s 10(23D) of Income Tax Act. Moreover, as per section 195 of the Act TDS is required to deduct @ 20% plus surcharge on payment of Dividend to Non Resident.

## TRANSFER TO RESERVES

During the year under review, no amount has been transferred to the Reserves and the entire amount of profits has been retained in the profit and loss account.

## OPERATIONS & EXPANSION

The Company went through a roller coaster year during the period in review. The year started with the outbreak of COVID-19 across the globe. Almost 2 months of complete lockdown nationwide and restriction of movement of people, good and service impacted the business operations of the Company, by way of interruption in production, supply chain disruption, shortage of skilled and unskilled workers, closure / lock down of production facilities etc.

However, the management took proactive steps to ensure sustainable operations going forward. Initiatives such as COVID awareness, social distancing, COVID-19 training, regular health check-ups and remote working were introduced to ensure the safety and health of all employees. With gradual ease of lockdown starting in mid-May, the Company restarted its operations in the permissible manner with 30% capacity.

After facing a setback in the first half, the company started its road to recovery in the second half. It increased its production in line with demand and labour availability and reached optimal capacity utilization in September 2020. The Company experienced unprecedented demand for yarn due to a quick and steady recovery of the downstream textile sector and sharp recovery of demand. The commencement of additional DTY capacity has also contributed to higher margins. The company ended the period in review on a high note with the prices and margins remaining strong in the domestic market.

In FY21, the Company achieved a turnover of **INR 2,227.15** crores as compared to INR 2,782.07 crores in the previous year. It achieved an EBIDTA of **INR 347.35** crores in FY21 as compared to INR 222.13 crores in FY20, an increase of 56%. During the year under review, the Company earned a net profit after comprehensive income of **INR 166.13** crores as compared to INR 121.49 crores in the previous year resulting in an increase of 37%.

The Company commenced production of Drawn Textured Yarn (DTY) expansion in August 2020. This increase in texturizing has helped improve the overall margins of the Company on account of being a value-added product with global demand.

The Company also successfully completed and commenced commercial operation of its captive rooftop solar power generation of 1.0 MW at Dahej and 0.4 MW at Dadra in December 2020.

Currently, the Company is in the process of setting up a 30 MW Captive coal-based Thermal Power plant at Dahej. Upon completion of the project, it will ensure that the Dahej plant gets stable power along with savings in energy costs of around 40 crores annually.

With view of further scope for improvement in performance, the company has decided to increase its CP melt capacity by 50 TPD. This additional melt along with surplus chips volume will be utilized for manufacturing around 120 TPD of Polyester Partially Oriented Yarn at Dahej plant. The company also plans to replace two existing POY lines (144 ends) with two new POY lines (192 ends) at the Dadra plant increasing the POY capacity of the plant by 5 TPD as well as further improving the quality of the yarn produced.

## SUBSIDIARY COMPANY

During the year ended 31st March, 2021, the Company doesn't have any subsidiary. Therefore, Statement containing salient features of the Financial Statement of the said Subsidiary Company is not required to be attached as required under the first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014.

## FILATEX EMPLOYEE STOCK OPTIONS SCHEME, 2015

The Nomination & Remuneration Committee had, at its meeting held on February 12, 2016, granted 9,50,000 stock options ("options") of face value of ₹ 10 each [subsequently sub-divided into 47,50,000 shares of face value of ₹ 2 each] to the eligible Employees of the Company under the Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015) at an exercise price of ₹ 37 per option (after sub-division, ₹ 7.40 per option) (being the closing price at BSE on February 11, 2016 i.e. immediately preceding the grant date), each option being convertible into one Equity Share of the Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Filatex ESOS 2015.

Further, the Nomination & Remuneration Committee had, at its meeting held on May 07, 2018, granted 4,30,000 stock options ("options") of face value of ₹ 10 each [subsequently sub-divided into 21,50,000 shares of face value of ₹ 2 each] to the eligible Employees of the Company under the Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015) at an exercise price of ₹ 211 per option (after sub-division, ₹ 42.20 per option) (being the closing price at BSE on February 11, 2016 i.e. immediately preceding the grant date), each option being convertible into one Equity Share of the Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Filatex ESOS 2015.

On the recommendation of Nomination & Remuneration Committee in its meeting held on 28th August, 2020, Members of the Company in their Annual General Meeting held on 30th September, 2020 approved the repricing of the outstanding employee stock options granted in 2nd Tranche under Filatex Employee Stock Option Scheme, 2015 from Exercise price of ₹ 42.20 per option to ₹ 28.85 per option.

Diluted Earnings per share (EPS) taking the effect of issuance of options under Filatex ESOS 2015 had been calculated (refer Note No. 42 of the Financial Statement). Disclosure under SEBI (Share Based Employees Benefits) Regulations, 2014 regarding details of the Filatex ESOS, 2015 for the financial year ended March 31, 2021 has been given in Note 52 of the Financial Statement.

## SHARE CAPITAL

During the financial year 2021-22, the Company, on 12th April, 2021, allotted 8,04,500 Equity Shares of ₹ 2 each at an exercise price of ₹ 7.40 per share against exercise of Stock Options to the Employees of the Company under Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015). Further, the Company, on 8th July, 2021, allotted 8,42,750 Equity Shares of ₹ 2 each at an exercise price of ₹ 28.85 per share against exercise of Stock Options to the Employees of the Company under Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015).

Presently, the Company's Issued & Paid-up Share Capital is **₹ 44,49,30,500 consisting of 22,24,65,250 Equity shares of ₹ 2/- each.**

## DEPOSITS

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

## DIRECTORS & KEY MANAGERIAL PERSONNEL

Shri Madhav Bhageria (DIN: 00021953) Joint Managing Director & CFO, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Shri Swarup Chandra Parija, Shri Suraj Parkash Setia and Smt. Pallavi Joshi Bakhru and Shri Brij Behari Tandon, Independent Directors have confirmed that their names have been enrolled in the Independent Directors' Databank.

The directors would like to confirm that the Company has received declaration from all the Independent Directors confirming their independence as well as confirmation that "he / she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence". Accordingly, requirement of Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) & Regulation 25 (8) of the Listing Regulations are duly complied with. Pursuant to the circular relating to the "enforcement of SEBI Order regarding appointment of directors by listed companies" dated June 20, 2018, any director of the

Company, is not debarred from holding the office of director pursuant to any SEBI order. Your directors would like to confirm that as per opinion of the Board of Directors, all the Independent Directors of the Company meet the requirement of integrity, expertise and experience (including the proficiency) required for their appointment.

Shri Madhav Bhageria, Joint Managing Director has been appointed as a whole time Chief Financial Officer (CFO) w.e.f. 7th November, 2020.

Pursuant to the provisions of Section 203 of the Act, at present, the Key Managerial Personnel of the Company are: Shri Madhu Sudhan Bhageria, Chairman and Managing Director, Shri Purrshottam Bhaggeria, Joint Managing Director & Shri Madhav Bhageria, Joint Managing Director & CFO, Shri Ashok Chauhan, Wholetime Director and Mr. Raman Kumar Jha, Company Secretary of the Company.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out an evaluation of its own performance, the directors individually and the evaluation of the working of its Audit, Nomination & Remuneration Committees, Stakeholders Relationship Committee and Finance & Corporate Affairs Committee. The manner in which the evaluation has been carried out has been given in the Corporate Governance Report.

## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination & Remuneration Policy is available on the Company's website www.filatex.com.

## CORPORATE SOCIAL RESPONSIBILITY

As required under the Companies Act, 2013 ("Act"), the Corporate Social Responsibility ("CSR") Committee consists of Shri Madhu Sudhan Bhageria as the Chairman, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria, Shri Brij Behari Tandon and Mrs. Pallavi Joshi Bakhru, as members.

The Board, on the recommendation of CSR Committee, approved ₹ 231.02 Lakh being two percent of average net profits of ₹ 11,551 Lakh during preceding three financial years of the Company calculated in accordance with the provision of Section 198 of the Companies Act, 2013 to be spent on CSR activities during the financial year 2020-21 in accordance with CSR Policy, which is available at the Company website www.filatex.com.

During the year under review, the Company has incurred an expenditure of ₹ 120.06 Lakhs on Education, Swachh Bharat Abhiyan, Health facilities, Promotion of sports, making available safe drinking water, environment sustainability etc. However, it could not spend due to setting up a new Hospital in Jolva Village, Dahej. The Board of Directors in its meeting held on 14th February, 2020 approved to start a 20 Bed Hospital with a causality/ emergency ward at a budgeted cost of the project of ₹ 600 Lakhs which will be funded from our CSR budget in the coming years. Eventually, over the years, we will build a 50 Beds Hospital and School ("hereinafter referred as **Ongoing Project**"). Pursuant to Section 135(6) of the Companies Act, 2013, the Company has transferred an amount of ₹ 110.96 Lakh in CSR Unspent Account (FY 2020-21) on 30th April, 2021. The said amount shall be spent within a period of three financial years from the date of such transfer for above Ongoing Project, failing which, the Company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Details of the expenditure incurred towards CSR activities for the financial year 2020-21 is annexed herewith as **Annexure "B"**.

## MEETINGS OF THE BOARD

Four (4) meetings of the Board of Directors were held during the year. The details of which are given in the Corporate Governance Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your Directors state that:

i. in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards have been followed and that there are no material departures therefrom;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis.

v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

vi. That they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## SECRETARIAL STANDARDS

Your Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

## CORPORATE GOVERNANCE

The Corporate Governance Report and Management Discussion & Analysis as per Schedule V of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 along with Certificate regarding compliance of conditions of Corporate Governance are annexed herewith as **Annexure "C"**.

## MANAGEMENT DISCUSSION & ANALYSIS

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, the Management Discussion & Analysis is set out in this Annual report.

## BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015, the Business Responsibility Report is set out in this Annual report.

## AUDITORS

As per the provisions of Section 139 of the Companies Act 2013, **M/s Arun K. Gupta & Associates** (Firm Registration No. 000605N) was appointed as the Statutory Auditors to hold office for a term of five years commencing from the Company's financial year 2017-18 to hold office from the conclusion of the 27th Annual General Meeting of the Company till the conclusion of the 32nd Annual General Meeting to be held in 2022 on such remuneration plus GST, out-of-pocket expenses etc. to be decided by the Board of Directors.

## JOINT STATUTORY AUDITOR

In accordance with the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, Members of the Company in their Annual General Meeting held on 30th September, 2020, appointed **M/s R. N. Marwah & Co. LLP,** (Firm Registration no. (001211N/ N500019), Chartered Accountants, as the Joint Statutory Auditor of the Company for a term of five years commencing from the Company's financial year 2020-21 to hold office from the conclusion of the 30th Annual General Meeting of the Company till the conclusion of the 35th Annual General Meeting to be held in 2025 on such remuneration plus GST, out-of-pocket expenses etc. as decided by the Board of Directors.

## AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks made by M/s Arun K. Gupta & Associates, Statutory Auditors and M/s R. N. Marwah & Co. LLP, Joint Statutory Auditor, in their report for the Financial Year ended March 31, 2021. The Statutory Auditors and Joint Statutory Auditor have not reported any incident of fraud to the Audit Committee of the Company /Central Government in the year under review.

## COST AUDITORS

Your Company has appointed **M/s Bahadur Murao & Co.,** (Firm Registration No. 000008) a firm of Cost Auditors, for conducting the audit of cost records for the financial year 2021-22 as the Cost Auditor at a remuneration of ₹ 60,000 plus GST and out of pocket expense subject to the approval of the Central Government and Members at the ensuing Annual General Meeting.

## SECRETARIAL AUDITOR

The Board has appointed **M/s Siddiqui & Associate,** Practising Company Secretary, to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 is annexed herewith as **Annexure "D"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which may be considered as material in accordance with the policy of the Company on materiality of related party transactions.

Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014), Form No. AOC-2 is annexed herewith as **Annexure "E".**

Policy for determining 'material' subsidiaries and the Policy on related party transactions as approved by the Board may be accessed on the Company's website www.filatex.com.

Your Directors draw attention of the members to Note no. 48 to the financial statement which sets out related party disclosure.

## STOCK EXCHANGE LISTING

Presently, the Equity Shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange. The Annual Listing Fee for the year 2021-22 has been paid to the Stock Exchanges.

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

A statement relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Companies Act, 2013, is annexed herewith as **Annexure "F"**.

## PARTICULARS OF EMPLOYEES

During the year, no employees of the Company received remuneration more than ₹ 102.00 Lakhs per annum or ₹ 8.50 Lakhs per month if employed for part of the year except Shri Madhu Sudhan Bhageria, Chairman & Managing Director, Shri Purrshottam Bhaggeria & Shri Madhav Bhageria, Joint Managing Directors of the Company. Accordingly, information pursuant to the provisions of Section 197(12) of the Companies Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure "G"**.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and name and designation of Top ten employees in terms of remuneration drawn are annexed herewith as **Annexure "G"**.

## VIGIL MECHANISM

In terms of the Section 177 of the Companies Act, 2013 and SEBI Regulations, the Company has formulated the Whistle Blower policy/Vigil Mechanism. The Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English/Hindi/ Gujarati and the same should be addressed to the Vigilance Officer of the Company or in exceptional cases, to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and whistle blower policy may be accessed on the Company's website www.filatex.com.

During the year under review, no complaint was received from any Whistle Blower. No personnel of the Company were denied access to the Audit Committee. In this regard, Shri Ashok Chauhan, Wholetime Director is the Vigilance Officer of the Company.

## RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013 & SEBI Regulations, the Company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures which is also given in the Corporate Governance Report. The Board of Directors don't foresee any elements of risk, which in its opinion, may threaten the existence of the Company.

## RISK MANAGEMENT COMMITTEE

As per recent amendment in SEBI (LODR) Regulations, 2015, every top 1000 listed entities in terms of market capitalization is required to constitute a Risk Management Committee. Accordingly, the Board of the Directors in their meeting held on 27th July, 2021 constituted the Risk Management Committee consists of three Directors namely, Shri Madhu Sudhan Bhageria, Chairman & Managing Director, Smt. Pallavi Joshi Bakhru, Independent Director & Shri Ashok Chauhan, Executive Director and one senior executive, Mr. Rajiv Kumar Kasturia, Senior Vice President ( Marketing) of the Company. Shri Madhu Sudhan Bhageria will be Chairman of the Risk Management Committee.

The policy on Risk Management as approved by the Board is uploaded on the Company's website www.filatex.com.

Your company believes that several factors such as advancements in technology, prevalent geo-political environment and stringent regulatory and environmental requirements have consequential impacts across the value chain of a business. These impacts are likely to continue and intensify over time and for a business to be sustainable, it needs to adapt to the environment by managing risks and opportunities in a systematic manner

The Board of Directors of the Company are responsible for risk oversight functions. Risk Management Committee provide guidance for implementing the risk management policy across the organisation. The operation heads of each business units are primarily responsible for implementing the risk management policy of the company and achieving the stated objective of developing a risk intelligent culture that helps to improve the company's performance. The responsibility of tacking and monitoring the key risks of the division / business unit periodically and implementing suitable mitigation plans proactively is with the senior executives of various functional units. These risk owners are expected to avoid any undue deviations or adverse events and ultimately help in creating value for the business.

## PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement (Please refer to Note No(s). 6 & 15 to the financial statement).

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has put in place and practiced an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) had been set up to redress complaints regarding sexual harassment. All employees are covered under this policy. During the year under review, the Company has not received any complaint under the said Policy.

## ANNUAL RETURN

The Annual Return for FY2019-20 are available on the website of the Company www.filatex.com.

## ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record its sincere appreciation for the assistance, support and cooperation received from its Bankers, Government Authorities, Dealers, Customers and Vendor. Your Directors would like to record their sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution ensuring smooth operations that your Company has achieved during the year. The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic. The directors also place on record their sincere appreciation for the confidence reposed by the Members in the Company.

For and on behalf of the Board of Directors

**Place:** New Delhi
**Date:** 27th July, 2021

**Madhu Sudhan Bhageria**
Chairman and Managing Director
DIN:00021934

# Annexure - A

## DIVIDEND DISTRIBUTION POLICY

*[Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

## 1. PREAMBLE

i. The Dividend Distribution Policy (hereinafter referred to as the "**Policy**") has been made in accordance with the applicable provisions of the Companies Act, 2013 and applicable SEBI regulations.

ii. The Board of Directors (**the "Board**") of Filatex India Limited (the "**Company**") has, in its meeting held on 27th July, 2021 adopted the Policy of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

iii. In common parlance, "dividend" means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held by them. "Dividend" includes any interim dividend.

## 2. OBJECTIVES AND SCOPE

a. The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending final dividend / Interim dividend.

b. The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means.

c. The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted in this Policy.

## 3. PARAMETERS TO BE CONSIDERED WHILE DECLARING DIVIDENDS

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

» **Financial Parameters and Internal Factors**

- Profits earned during the financial year
- Retained Earnings / Accumulated reserves
- The Company's liquidity position including its working capital requirements and debt servicing obligations
- Operating cash flow and future cash flow needs
- Capital expenditure requirements including need for replacement of capital assets, expansion and modernization or augmentation of capital asset including any major sustenance, improvement and growth proposals.
- Long term growth strategy of the Company requiring it to conserve cash to execute growth plan
- Funds requirement for contingencies and unforeseen events with financial implications
- Stipulations/ Covenants of loan agreements

» **External Factors**

- Prevailing legal requirements, tax laws, Government policies, statutory conditions or restrictions as may be provided under applicable laws
- State of the industry or economy of the country
- Capital market scenario
- Covenants in shareholders Agreements if any

## 4.CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

i. The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations as amended from time to time.

ii. The Board of Directors of the Company may or may not declare / recommend dividend for a particular period if it is of the view that it would be prudent to conserve capital for the then ongoing or planned business expansion or other factors which may be considered by the Board

iii. The Board shall consider the factors provided above under Clause 3 before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention, etc.

iv. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

## 5. UTILIZATION OF RETAINED EARNINGS

i. The Company may utilise the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

ii. The Company shall endeavour to utilize retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders in the long run.

iii. The decision of utilization of the retained earnings of the Company shall *inter-alia* be based on the following factors:

- Long term strategic plans
- Augmentation/ Increase in production capacity
- Market / Product expansion plan

- Modernization plan
- Diversification of business
- Replacement of capital assets
- Balancing the Capital Structure by de-leveraging the company
- Other such criteria as the Board may deem fit from time to time.

## 6. CATEGORY OF DIVIDENDS

The Companies Act provides for two forms of Dividend- Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

## 8. DISCLOSURES

The Policy shall be disclosed in the Annual report and on the website of the Company i.e. at www.filatex.com.

## 9. POLICY REVIEW AND AMENDMENTS

The Board is authorized to change/amend/review this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

## 10. CONFLICT IN POLICY

In the event of any conflict between this Policy and the provisions contained in the Companies Act, 2013 and Listing Regulations, the Act and Listing Regulations shall prevail.

**Disclaimer:**

a) The Policy does not constitute a commitment regarding the future dividends of the Company, but only represents a general guidance regarding dividend policy. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the policy as and when circumstances so warrant.

b) Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward-looking statements in the Policy.

# Annexure - B

## *Annual Report On Corporate Social Responsibility (CSR) Activities For The Financial Year 2020-21*

**1. Brief outline on CSR Policy of the Company:** Refer section Corporate Social Responsibility (CSR) in the Board's Report

**2. Composition of CSR Committee**

| Sr. No. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Shri Madhu Sudhan Bhageria | Chairman | There was one meeting of the Committee held on 28th August, 2020 | 1 |
| 2 | Shri Purrshottam Bhaggeria | Member | | 1 |
| 3 | Shri Madhav Bhageria | Member | | 1 |
| 4 | Shri Brij Behari Tandon | Member | | Nil |
| 5 | Smt. Pallavi Joshi Bakhru | Member | | 1 |

| | | |
|---|---|---|
| **3. Provide the weblink where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company** | Composition of CSR Committee | www.filatex.com |
| | CSR Policy | |
| | CSR projects approved by the Board | |

| | |
|---|---|
| **4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule(3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)** | Not Applicable |

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility) Rules, 2014 and amount required for set off for the financial year, if any**

| Sr. No. | | Financial Year | Amount available for set-off from preceding financial years (₹ in Lakhs) | Amount required to be set-off for the financial year, if any (₹ in Lakhs) |
|---|---|---|---|---|
| 1 | | 2019-20 | Nil | Nil |
| 2 | | 2018-19 | Nil | Nil |
| 3 | | 2017-18 | Nil | Nil |
| | | **Total** | **Nil** | **Nil** |
| 6. | | Average net profit of the company as per section 135 (5) (₹ In Lakhs) | | 11,551.00 |
| 7. | (a) | Two percent of average net profit of the company as per section 135 (5) (₹ In Lakhs) | | 231.02 |
| 7. | (b) | Surplus arising out of the CSR Projects or programmes or activities of the previous financial years | | Nil |
| 7. | (c) | Amount required to be set off for the financial year, if any | | Nil |
| 7. | (d) | Total CSR obligation for the financial year (7a+7b-7c) (₹ In Lakhs) | | 231.02 |

8. (a) CSR amount spent or unspent for the financial year:

| Total Amount spent for the Financial Year (₹ In Lakhs) | Amount Unspent (₹ in Lakhs) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the fund | Amount | Date of transfer |
| 120.06 | 110.96 | 30-Apr-21 | Not applicable | | |

8. (b) Details of CSR amount spent against **ongoing projects** for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | Name of the project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project (₹ in Lakhs) | Amount spent in the current financial year (₹ in Lakhs) | Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in Lakhs) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1 | Setting up of New Hospital at Jolva Village | Promoting Health care | Yes | Gujarat | Bharuch | 3 Years | 600 | - | 110.96 | Both | Lala Govindramjee Charitable Soceity | CSR00008815 |
| **Total** | | | | | | | **600** | | **110.96** | | | |

8. (c) Details of CSR amount spent against **other than ongoing projects** for the financial year 2020-21:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Blankets distribution to economically weeker section | Rural Development | Yes | Delhi | Delhi | 0.44 | Yes | Not Applicable | |
| 2 | Civil & Development work in Village | Rural Development | Yes | Gujarat | Bharuch | 4.22 | Yes | Not Applicable | |
| 3 | Construction of Awash at Jovla Village | Rural Development | Yes | Gujarat | Bharuch | 7.53 | Yes | Not Applicable | |
| 4 | Cricket Kits provided to Village Kids | Sports Promotion | Yes | Gujarat | Bharuch | 1.09 | Yes | Not Applicable | |
| 5 | Distribution of Masks, Hand Gloves, Sanitisers and Food pakets for Corona virus protection | Promoting Healthcare | Yes | Gujarat | Bharuch | 41.61 | Yes | Not Applicable | |
| 6 | Distribution of Masks, Hand Gloves, Sanitisers and Food pakets for Corona virus protection | Promoting Healthcare | Yes | Dadra, UT of Dadra & Nagar Haveli | Dadra, UT of Dadra & Nagar Haveli | 0.50 | Yes | Not Applicable | |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 7 | Distribution of Masks, Hand Gloves, Sanitisers and Food pakets for Corona virus protection | Promoting Healthcare | Yes | Delhi | Delhi | 0.30 | Yes | Not Applicable | |
| 8 | Donation to Schools in ANKLESHWAR | Promoting Education | Yes | Gujarat | Bharuch | 5.85 | Yes | Not Applicable | |
| 9 | Funding to ITI STUDENTS | Promoting Education | Yes | Gujarat | Bharuch | 0.11 | Yes | Not Applicable | |
| 10 | LED TV Provided in Gram Panchayat | Rural Development | Yes | Gujarat | Bharuch | 0.90 | Yes | Not Applicable | |
| 11 | Notebooks, Uniform, Table, Chair, Cupboard, Computer, printer, Water Cooler etc provided to Schools | Promoting Education | Yes | Gujarat | Bharuch | 12.32 | Yes | Not Applicable | |
| 12 | Papad Making M/c & Sewing Machine given to Village/ Gruh Udyog | Women Empowerment | Yes | Gujarat | Bharuch | 3.69 | Yes | Not Applicable | |
| 13 | Use of Ambulance, organising Medical checking camps, Distribution of medical supplies etc | Promoting Healthcare | Yes | Gujarat | Bharuch | 8.29 | Yes | Not Applicable | |
| 14 | Donation to PANCHTATWA for building an ashram to provide education and shelter to under privligied children and provide medical facility in nearby area. | Rural Development | Yes | Delhi | Delhi | 0.50 | Yes | Not Applicable | |
| 15 | Donation to "FRIENDS OF TRIBALS SOCIETY" | Promoting Healthcare | Yes | Gujarat | Bharuch | 5.00 | Yes | Not Applicable | |
| 16 | Gardening & Cleaning work in Jolva Village | Swachh Bharat Abhiyan | Yes | Gujarat | Bharuch | 11.77 | Yes | Not Applicable | |
| 17 | Donation to "UTKARSH MAHILA MANDAL" on World Women Day | Women Empowerment | Yes | Dadra, UT of Dadra & Nagar Haveli | Dadra, UT of Dadra & Nagar Haveli | 0.11 | Yes | Not Applicable | |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 18 | Donation to "KRISHNA CANCER AID ASSOCIATION" for spreading Cancer awareness | Promoting Healthcare | Yes | Dadra, UT of Dadra & Nagar Haveli | Dadra, UT of Dadra & Nagar Haveli | 0.51 | Yes | Not Applicable | |
| 19 | Donation to "BHARAT KE VEER" | Armed forces veterans, war widows and their dependents | Yes | India | PAN India | 4.80 | Yes | Not Applicable | |
| 20 | Donation to "ISKCON" | Rural Development | Yes | Delhi | Delhi | 0.21 | Yes | Not Applicable | |
| 21 | Donation to "National Organisation" for running Health Awareness program on Coronavirus, Helping in treatment of Cancer patient | Promoting Healthcare | Yes | Delhi | Delhi | 0.35 | Yes | Not Applicable | |
| 22 | Donation to "SMILE FOUNDATION" for Girl Child Education | Women Empowerment | Yes | Maharashtra | Mumbai | 0.13 | Yes | Not Applicable | |
| 23 | Donation to "SVKM'S NMIMS" | Rural Development | Yes | Delhi | Delhi | 0.20 | Yes | Not Applicable | |
| 24 | Donation to "The AKASHAAY PATRA" for providing food to poor because of Coronavirus | Promoting Healthcare | Yes | Delhi | Delhi | 0.15 | Yes | Not Applicable | |
| 25 | Donation to "The Shakti Foundation" for Hospital equipments for Rural underprivileged | Rural Development | Yes | Delhi | Delhi | 1.00 | Yes | Not Applicable | |
| 26 | Donation to "WILL FLUE" for Cancer free society | Promoting Healthcare | Yes | Delhi | Delhi | 1.02 | Yes | Not Applicable | |
| 27 | Donation to "Dr. AMBEDKAR BANWASI KALYAN TRUST" | Promoting Healthcare | Yes | Gujarat | Bharuch | 0.50 | Yes | Not Applicable | |
| 28 | Donation TO "ROGI KALYAN SAMIT", NEW DELHI HOSPITAL - SURAT | Promoting Healthcare | Yes | Gujarat | Bharuch | 2.10 | Yes | Not Applicable | |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project | Item from the list of activities in schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (₹ in Lakhs) | Mode of Implementation - Direct (Yes/ No) | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 29 | Donation to "YUVA UNSTOPPABLE UDAAN" | Promoting Education | Yes | Gujarat | Bharuch | 2.50 | Yes | Not Applicable | |
| 30 | Donation to "KALPA VIRUKSHA PAZHAMUDIR NILAYAM" | Promoting Healthcare | Yes | Gujarat | Bharuch | 2.00 | Yes | Not Applicable | |
| 31 | Donation to "GYAN JYOTI VIDHYA SANKUL TRUST" | Promoting Education | Yes | Gujarat | Bharuch | 0.21 | Yes | Not Applicable | |
| 32 | Health Awareness Camp | Promoting Healthcare | Yes | Dadra, UT of Dadra & Nagar Haveli | Dadra, UT of Dadra & Nagar Haveli | 0.15 | Yes | Not Applicable | |
| **Total** | | | | | | **120.06** | | | |

**8. (d) Amount spent on Administrative Overheads - ₹ in Lakhs** -

**8. (e) Amount spent on Impact Assessment, if applicable - ₹ in Lakhs** -

**8. (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ in Lakhs 120.06**

**8. (g) Excess amount for set off, if any**

| Sr. No. | Particulars | Amount (₹ in Lakhs) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | - |
| (ii) | Total amount spent for the financial year | - |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | - |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | - |

9. (a) Details of Unspent CSR amount for the preceeding three financial years:

| (1) | (2) | (3) | (4) | (5) | | | (6) |
|---|---|---|---|---|---|---|---|
| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135(6) (₹ in Lakhs) | Amount spent in the reporting Financial Year (₹ in Lakhs) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (₹ in Lakhs) |
| | | | | Name of the Fund | Amount (₹ in Lakhs) | Date of transfer | |
| 1 | FY 2017-18 | - | 63.48 | Not applicable | | | - |
| 2 | FY 2018-19 | - | 116.15 | Not applicable | | | - |
| 3 | FY 2019-20 | - | 102.43 | Not applicable | | | - |
| **TOTAL** | | **-** | **282.06** | **-** | | | **-** |

9. (b) Details of CSR amount spent in the financial year for ongoing projects of the preceeding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID | Name of the project | Financial year in which the project was commenced | Project duration | Total Amount allocated for the project (₹ in Lakhs) | Amount spent on the project in the reporting Financial year (₹ in Lakhs) | Cumulative amount spent at the end of reporting Financial Year (₹ in Lakhs) | Status of the project- Completed/ Ongoing |
| Not Applicable | | | | | | | | |
| Total | | | | | - | - | - | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

| | |
|---|---|
| (a) Date of creation or acquisition of the capital asset (s) | Not Applicable |
| (b) Amount of CSR spent for creation of acquisition of capital asset. | |
| (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc | |
| (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | |

| | |
|---|---|
| 11. Specify the reasons(s), if the company has failed to spend two percent of the average net profit as per section 135(5). | Refer Section: Corporate Social Responsibility (CSR) in the Board's Report |

**Madhu Sudhan Bhageria**
(Chairman and Managing Director &
Chairman of CSR Committee)

**Pallavi Joshi Bakhru**
(Independent Director)

**Madhav Bhageria**
(Joint Managing Director & CFO)

**Date:** 27th July, 2021
**Place:** New Delhi

# Annexure - C

## CORPORATE GOVERNANCE REPORT

In terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulation"), given below is a Corporate Governance Report on the matters mentioned in the Schedule V of the Listing Regulation.

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is fully committed to conduct its business with due compliance of all applicable laws, rules and regulations. The Company's philosophy on Corporate Governance lays strong emphasis on integrity, transparency, accountability and full disclosure in all facets of its operations to achieve the highest standards of Corporate Governance and also to enhance the trust of the creditors, employees, suppliers, customers and public at large. The Company continues to believe that all its operations and actions must serve the underlying goal of enhancing shareholders value over a sustained period of time.

During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business.

## 2. BOARD OF DIRECTORS

The Board of Directors consists of total 8 members comprising of 4 Executive Directors & 4 Non-Executive Directors & Independent Directors out of which one is women director representing an optimum mix of professionalism, knowledge and experience in their respective fields.

The Company currently has a right mix of Directors on the Board who possess the requisite qualifications and experience in general corporate management, finance and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company. Detailed profile of the Directors is given in this annual report.

**i) Structure of Board of Directors**

| Sr. No. | Name | Category of Directors |
|---|---|---|
| 1. | Shri Madhu Sudhan Bhageria<br>Chairman & Managing Director | Executive Director |
| 2. | Shri Purrshottam Bhaggeria<br>Joint Managing Director | Executive Director |
| 3. | Shri Madhav Bhageria<br>Joint Managing Director & CFO | Executive Director |
| 4. | Shri Brij Behari Tandon<br>Director | Non-Executive & Independent Director |
| 5. | Shri Swarup Chandra Parija<br>Director | Non-Executive & Independent Director |
| 6. | Shri Suraj Parkash Setia<br>Director | Non-Executive & Independent Director |
| 7. | Smt. Pallavi Joshi Bakhru<br>Director | Non-Executive & Independent Director |
| 8. | Shri Ashok Chauhan<br>Whole time Director | Executive Director |

***Skills/Expertise/Competence of the Board of Directors***

Core skills/expertise/competence required by the Board (as identified by the Board) for efficient functioning of the Company in the present business environment and those skills/expertise/competence actually available with the Board are as follows:-

| Sr. No. | Skills / Expertise / Competence required by the Board of Directors | | Status of availability with the Board |
|---|---|---|---|
| 1. | Understanding of Business/Industry | Experience and knowledge of business related issues in general and those of textile business in particular | √ |
| 2. | Strategy and strategic planning | Ability to think strategically, identify and assess strategic opportunities & threats and contribute towards developing effective strategies in the context of the strategic objectives of the Company's policies & priorities | √ |
| 3. | Critical and innovative thoughts | The ability to analyse the information and share innovative approaches and solutions to the problems | √ |

| Sr. No. | Skills / Expertise / Competence required by the Board of Directors | | Status of availability with the Board |
|---|---|---|---|
| 4. | Financial Understanding | Ability to analyse and understand the key financial statements, assess financial viability of the projects & efficient use of resources | √ |
| 5. | Market Understanding | Understanding of the Textiles Market dynamics | √ |
| 6. | Risk and compliance oversight | Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliances, and monitor risk and compliance management frameworks | √ |

| Sr. No. | Name of Directors | Understanding of Business/ Industry | Strategy and Strategic Planning | Critical and Innovative Thoughts | Financial Understanding | Market Understanding | Risk and Compliance Oversight |
|---|---|---|---|---|---|---|---|
| 1. | Shri Madhu Sudhan Bhageria | √ | √ | √ | √ | √ | √ |
| 2. | Shri Purrshottam Bhaggeria | √ | √ | √ | √ | √ | √ |
| 3. | Shri Madhav Bhageria | √ | √ | √ | √ | √ | √ |
| 4. | Shri Brij Behari Tandon | √ | - | √ | √ | - | √ |
| 5. | Shri Swarup Chandra Parija | √ | - | √ | √ | - | √ |
| 6. | Shri Suraj Parkash Setia | √ | - | √ | √ | √ | √ |
| 7. | Smt. Pallavi Joshi Bakhru | √ | - | √ | √ | - | √ |
| 8. | Shri Ashok Chauhan | √ | √ | √ | √ | √ | √ |

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. The Wholetime Directors of the Company are not the Independent Directors of any listed Company. Except Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria and Shri Madhav Bhageria, none of the Directors are related to each other.

Shri Swarup Chandra Parija, Shri Suraj Parkash Setia, Smt. Pallavi Joshi Bakhru and Shri Brij Behari Tandon Independent Directors have confirmed that their names have been enrolled in the Independent Directors' Databank. The Company issues a formal letter of appointment to the Independent Directors at the time of their appointment and the same are uploaded on the Company's website.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

**ii) Board Meetings**

During the year 2020-21, the Board meets four times on 4$^{th}$ June, 2020, 28$^{th}$ August, 2020, 7$^{th}$ November, 2020 and 12$^{th}$ January, 2021.

Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 across all the Companies in which he/she is a Director.

Details of attendance of each Director at various meetings of the company and the membership held by the Directors in the Board/ Committees of other Companies are as follows:-

| Sr. No. | Name | No. of Board Meetings attended | No. of Other Directorship* | Committee Memberships* | Committee Chairmanship* | Attendance in AGM | Directorship in Other Listed Entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|
| 1. | Shri Madhu Sudhan Bhageria | 4 | 2 | - | - | Yes | NO |
| 2. | Shri Purrshottam Bhaggeria | 4 | 2 | - | - | Yes | NO |
| 3. | Shri Madhav Bhageria | 4 | 1 | - | - | No | NO |
| 4. | Shri Brij Behari Tandon | 3 | 4 | 4 | - | No | YES# |
| 5. | Shri Suraj Parkash Setia | 4 | 3 | - | - | Yes | NO |
| 6. | Shri Swarup Chandra Parija | 4 | - | - | - | No | NO |
| 7. | Smt. Pallavi Joshi Bakhru | 4 | 2 | - | - | Yes | NO |
| 8 | Shri Ashok Chauhan | 4 | - | - | - | Yes | NO |

* As on 31.03.2021 Represents Directorship & Membership/Chairmanship of Audit Committee & Stakeholders' Relationship Committee of Indian Public Companies.

# Directorship of Shri Brij Behari Tandon in other Listed Companies is as under:

| Shri Brij Behari Tandon | |
|---|---|
| **Name of other Listed Companies** | **Designation** |
| Birla Corporation Limited | Independent Director |
| Oriental Carbon & Chemicals Ltd | |
| Duncan Engineering Limited | |

**iii) Board Procedure:**

The members of the Board are provided with the requisite information mentioned in the SEBI Listing Regulations before the Board Meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances. The Chairman & Managing Director alongwith two Joint Managing Directors and Wholetime Director manage the day-to-day affairs of the Company subject to the supervision and control of the Board of Directors. The Independent Directors take active part in the Board and Committee meetings which adds value in the decision making process of the Board of Directors.

All the Directors who are on various committees are within the permissible limits of the Listing Regulation. The necessary disclosures regarding committee positions have been made by the Directors.

**iv) Meeting of Independent Directors:**

The meeting of Independent Directors was held on 26th March, 2021 to discuss, inter-alia :

(a) the performance of Non Independent Directors and the Board as a whole;

(b) the performance of the Chairman & Managing Director of the Company, taking into account the views of Executive Director and Non Executive Directors;

(c) the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors except Shri Brij Behari Tandon were present at the meeting. The criteria for performance evaluation of Directors is given under the heading Nomination and Remuneration Committee mentioned in Item 4 below.

**v) Familiarisation Programme for Independent Directors:**

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

The Independent Directors have the opportunity to visit the plants of the Company, to enable them to understand of the manufacturing processes and operations and the Industry in which it operates.

All Directors of the Company are updated as and when required, of their role, responsibilities and liabilities. The Board of Directors have complete access to the information within the Company. Presentations are made regularly before the meetings of the Board of Directors and the Audit Committee, where Directors have an opportunity to interact with senior management personnel. Presentations cover, inter-alia, quarterly and annual results, business strategies, budgets, review of internal audit, risk management and such other areas as may arise from time to time.

Independent Directors have the freedom to interact with the Management of the Company. Interactions happen during the meetings of the Board or Committees, when senior management personnel of the Company make presentations to the Board.

## 3. AUDIT COMMITTEE

In terms of Section 177 of the Companies Act, 2013 and the Listing Regulation, the Audit Committee consists of Four Independent Directors and One Non Independent Director namely, Shri Suraj Parkash Setia, Shri Swarup Chandra Parija, Smt. Pallavi Joshi Bakhru and Shri Brij Behari Tandon and Shri Madhu Sudhan Bhageria. Smt. Pallavi Joshi Bakhru is the Chairman of the Committee. The terms of reference of the Audit Committee are as per Section 177 of the Companies Act, 2013 and Listing Regulation, which inter-alia include the overview of Company's Financial Reporting Process, review of Quarterly, Half Yearly and Annual Financial Statements, Management Discussion & Analysis, Adequacy of Internal Control Systems, Major Accounting Policies & Practices, Compliances with Accounting Standards, Related Party Transactions, appointment of statutory auditors and internal auditors etc.

The Company Secretary of the Company acts as the Secretary of the Committee.

The Internal Audit Reports are prepared by an external firm of Chartered Accountants & cover various areas of the operations of the Company. The Audit Committee reviews internal audit report regularly. This ensures a constant review of operations and systems and highlights the areas which need improvement. The reports form the basis for the management to develop and maintain a transparent and effective Internal Control system.

During the year 2020-21 the Committee met four times and the gap between two meetings did not exceed 120 days. The attendance at the meetings is as under:-

| Date of Meeting | No. of Members present |
|---|---|
| 04-06-2020 | 5 |
| 28-08-2020 | 4 |
| 07-11-2020 | 5 |
| 12-01-2021 | 5 |

Shri Purrshottam Bhaggeria, Joint Managing Director, Shri Madhav Bhageria, Joint Managing Director & CFO and Shri Ashok Chauhan, Wholetime Director, Internal Auditors and Statutory Auditors & Joint Auditors are invited to attend the Audit Committee Meetings.

The minutes of the meetings of the Audit Committee are circulated to all the members of the Board. The previous AGM of the Company was held on 30$^{th}$ September, 2020. Smt Pallavi Joshi Bakhru, Chairman of the Audit Committee attended the last AGM.

## 4. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013 and the Listing Regulation, the Nomination & Remuneration Committee consists of five Directors namely, Shri Suraj Parkash Setia, Shri Swarup Chandra Parija, Smt. Pallavi Joshi Bakhru, Shri Brij Behari Tandon and Shri Madhu Sudhan Bhageria. Smt. Pallavi Joshi Bakhru is the Chairman of the Committee.

The Committee reviews and recommends the remuneration payable to Key Managerial persons on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance / track record etc. The Company Secretary of the Company acts as the Secretary of the Committee. During the financial year ended 31$^{st}$ March, 2021, there were three meetings of the Committee held on 28$^{th}$ August, 2020, 7$^{th}$ November, 2020 & 12$^{th}$ January, 2021. The attendance of the said meeting is as under:

| Date of Meeting | No. of Members present |
|---|---|
| 28-08-2020 | 4 |
| 07-11-2020 | 5 |
| 12-01-2021 | 5 |

**Nomination and Remuneration Policy:**

The Company's Nomination and Remuneration Policy for selection and appointment of Directors, Senior Management and their remuneration are available at the Company's website www.filatex.com.

**Criteria for Performance Evaluation of Directors:**

Performance evaluation of each Director was carried out based on the criteria as laid down by the Nomination and Remuneration Committee. Criteria for performance evaluation included aspects such as Board composition and structure, effectiveness of Board processes, attendance at the meetings, participation and independence during the meetings, interaction with management, role and accountability, knowledge and proficiency, contribution in the long term strategic planning, etc. The criteria for performance evaluation of the Committees included aspects such as structure and composition of Committees, effectiveness of Committee meetings etc. The above criteria for evaluation was based on the Guidance Note issued by SEBI.

Further, performance evaluation of the Managing Director/ Joint Managing Directors/Wholetime Directors was based on the implementation of various plans & policies in the Company, monitoring and implementation of the projects including the smooth day to day affairs and operations of the Company and finally performance and business achievements of the Company.

**Details of Remuneration paid/payable to the Directors during the Financial Year ended 31st March, 2021**

(₹ in lakhs)

| Sr. No. | Name of Directors | Salary & Allowances | Contribution to Provident Fund | Perquisites | Commission | Sitting Fees | Total |
|---|---|---|---|---|---|---|---|
| 1 | Shri Madhu Sudhan Bhageria<br>Chairman & Managing Director | 49.86 | 0.18 | 60.35 | 87.90 | - | 198.29 |
| 2 | Shri Purrshottam Bhaggeria<br>Joint Managing Director | 44.01 | 0.18 | 17.05 | 87.90 | - | 149.14 |
| 3 | Shri Madhav Bhageria<br>Joint Managing Director & CFO | 44.01 | 0.18 | 13.34 | 87.90 | - | 145.42 |
| 4 | Shri Suraj Parkash Setia | - | - | - | - | 2.20 | 2.20 |
| 5 | Shri Swarup Chandra Parija | - | - | - | - | 2.20 | 2.20 |
| 6 | Shri Brij Behari Tandon | - | - | - | - | 1.50 | 1.50 |
| 7 | Smt. Pallavi Joshi Bakhru | - | - | - | - | 2.35 | 2.35 |
| 8 | Shri Ashok Chauhan<br>Wholetime Director | 28.53 | - | 2.83 | - | - | 31.36 |

The aforesaid amount does not include amount in respect of Gratuity and Leave encashment as the same is not paid.

The employment of Managing/Joint Managing Directors/ Wholetime Director is on contractual basis. None of the Non-Executive Directors held any Equity Shares of the Company except Mr. Suraj Parkash Setia who holds 100 shares as on 31st March, 2021. The Managing/Joint Managing Directors/ Wholetime Director are paid remuneration as approved by the Board of Directors and Shareholders on the recommendation of the Nomination and Remuneration Committee and are not paid sitting fees for Board/Committee Meetings attended by them. Non-Executive Directors do not have any pecuniary relationship with the Company except payment of sitting fees for attending the Board/Committee Meetings. None of the Directors holds more than 10% of Equity Share of the Company.

The re-appointments of the Managing Director/Joint Managing Directors are made for a period of three years on the terms and conditions contained in the respective resolutions to be passed by the members in the Annual General Meetings. Shri Ashok Chauhan, who has been re-appointed as Wholetime Director by the Board of Directors on the recommendation of the Nomination & Remuneration Committee for a further period of two years w.e.f. 01/05/2020 subject the approval of members of the Company in the ensuing Annual General Meeting. The Notice period is as per the respective resolutions passed for appointment of Managing Director/Joint Managing Directors/Wholetime Director. However, no severance fee is payable to them.

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As required under the Companies Act, 2013 (“Act”), the Corporate Social Responsibility (“CSR”) Committee was constituted consisting of Shri Madhu Sudhan Bhageria as the Chairman, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria, Shri Brij Behari Tandon and Smt. Pallavi Joshi Bakhru, as members.

During the financial year ended 31st March, 2021, there was one meeting of the Committee held on 28th August, 2020.

The attendance of the said meeting is as under:

| Date of Meeting | No. of Members present |
|---|---|
| 28th August, 2020 | 4 |

## 6. RISK MANAGEMENT COMMITTEE

As per recent amendment in SEBI (LODR) Regulations, 2015, every top 1000 listed entities in terms of market capitalization is required to constitute a Risk Management Committee. Accordingly, the Board of the Directors in their meeting held on 27th July, 2021 constituted the Risk Management Committee consists of three Directors namely, Shri Madhu Sudhan Bhageria, Chairman & Managing Director, Smt. Pallavi Joshi Bakhru, Independent Director & Shri Ashok Chauhan, Executive Director and one senior executive, Mr. Rajiv Kumar Kasturia, Senior Vice President ( Marketing) of the Company. Shri Madhu Sudhan Bhageria will be Chairman of the Risk Management Committee.

## 7. STAKEHOLDERS RELATIONSHIP COMMITTEE

For effective and efficient shareholders services, the Company has a Stakeholders Relationship Committee. The Committee comprises of Shri Suraj Parkash Setia & Shri Swarup Chandra Parija, Independent Directors and Shri Purrshottam Bhaggeria, Joint Managing Director of the Company. Shri. Suraj Parkash Setia is the Chairman of the Committee. Amongst the other functions, the Committee looks into redressal of Shareholders complaints like non-transfer of Shares, non-receipt of Balance Sheet, non-receipt of Dividends etc as required pursuant to Regulation 20 of the Listing Regulation.

The Company attends to Investors’ Grievances/correspondences expeditiously and all efforts are made to reply immediately. The Committee oversees the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investors’ services.

During the year ended 31st March, 2021, no shareholders’ complaint was received. There was no complaint pending as at the year end. There were no share transmission pending for registration as on 31st March, 2021.

The Company has also adopted a Code of Conduct for Prevention of Insider Trading in the Shares of the Company, pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

**Name and designation of Compliance Officer**

Mr. Raman Kumar Jha, Company Secretary

## 8. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held as under:-

| Year | Location | Date | Time | Whether Special Resolution passed |
|---|---|---|---|---|
| 2017-18 | Survey No.274<br>Demni Road, Dadra - 396 191<br>(U.T. of Dadra & Nagar Haveli) | 27th September, 2018 | 10.00 A.M. | Yes |
| 2018-19 | Same as above | 27th September, 2019 | 10.00 A.M. | Yes |
| 2019-20 | Held through Online | 30th September, 2020 | 11.00 A.M. | Yes |

No Extra Ordinary General Meeting of Shareholders was held during the financial year 2020-21. No Special Resolution was passed by Postal Ballot in any of the aforesaid Annual General Meetings.

**Postal Ballot**

During the financial year 2020-21, special resolutions for Alteration/adoption of new set of Memorandum of Association and Adoption of new set of Articles of Association of the Company were passed by the Shareholders by requisite majority by way of postal ballot through e-voting/ballot form. Brief particulars of the postal ballot are as under:

1. The Board of Directors of the Company appointed Mr. K O Siddiqui, FCS of Siddiqui & Associates, Company Secretaries, New Delhi as the Scrutinizer for scrutinizing the postal ballot through e-voting/postal ballot.
2. Despatch of the Postal Ballot Notice, Explanatory Statement along with the Postal Ballot Form to the Shareholders of the Company was completed on 15th February 2021.
3. The e-voting was open from Tuesday, 16th February, 2021 at 9:00 a.m. (IST) and ended at 5:00 p.m. (IST) on Wednesday, 17th March, 2021.
4. Based on the Scrutinizer's Report, the results of the postal ballot through e-voting/ballot were declared on 19th March, 2021, as follows

| Special Resolutions | Votes in favour of the Resolutions | | Votes against the Resolutions | |
|---|---|---|---|---|
| | No. of shares for which valid votes cast | % of votes to total number of valid votes valid | No. of shares for which valid votes cast | % of votes to total number of valid votes valid |
| Alteration/adoption of new set of Memorandum of Association | 151186690 | 99.9825 | 50 | 0.0175 |
| Adoption of new set of Articles of Association of the Company | 151186690 | 99.9962 | 50 | 0.0538 |

5. As on date there is no proposal to pass any resolution by postal Ballot.

## 9. DISCLOSURES

(i) None of the transactions with any of the related party were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties set out in Note No. 48 of financial statement forming part of the Annual Report.

(ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

(iii) In preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are adopted have been set out in the Notes to Accounts forming part of the Annual Report.

(iv) In terms of the Section 177 of the Companies Act, 2013 and Listing Regulation, the Company has formulated the Whistle Blower policy/Vigil Mechanism. The Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English/Hindi/ Gujarati and the same should be addressed to the Vigilance Officer of the Company or in exceptional cases, to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and whistle blower policy may be accessed on the Company's website www.filatex.com.

(v) Policy for determining 'material' subsidiaries and policy on dealing with related party transactions may be accessed on the Company's website www.filatex.com.

(vi) During the financial year ended 31st March, 2021, no amount has been raised through preferential allotment & qualified institutions placement.

(vii) The Company is aware of the risks associated with the business. It has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures quarterly. It regularly analyses and takes corrective actions for managing / mitigating the same. The Company's Risk management framework ensures compliance with the provisions of Regulation 17(9) of the Listing Regulation and has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are: Securing critical resources; ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX; Foreign Exchange fluctuation, maintaining and enhancing customer service standards and resolving environmental and safety related issues.

(viii) During the year under review, the Company has not received any complaint under the Anti Sexual Harassment Policy.

(ix) Total fee/charge paid to Statutory Auditors during the financial year ended 31st March 2021 ₹ 22.95 Lakhs (please refer Note no. 45 of Financial statement ended 31st March, 2021.)

(x) The Company has complied with all mandatory requirements set out in the Listing Regulation.

## 10. MEANS OF COMMUNICATION

The Company publishes its quarterly/half yearly/annual results, amongst others, in Financial Express and Gujarat Mitra (Gujarati) circulating in Dadra & Nagar Haveli where the Registered Office of the Company is situated and in The Economic Times Delhi & Mumbai edition. The same together with shareholding pattern and any other significant development is submitted to the Stock Exchanges and uploaded on the Company's website: www.filatex.com. The Company is not making any official releases and not sending half yearly report to the shareholders, as it is not a mandatory requirement.

The presentations giving an analysis of the performance of the Company are placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders regarding the financial results which are communicated to the Stock Exchanges.

Management Discussion and Analysis Report forms part of the Annual Report, which is posted to the shareholders of the Company.

## 11. CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT PERSONNEL

The Board has adopted a Code of Conduct for observance by Directors and Senior Management Personnel to ensure ethical conduct in performance of their duties.

The Code has been circulated to all the Directors and Senior Management Personnel and they have affirmed compliance of the same. A declaration in this regard signed by Managing Director of the Company is given at the end of this Report.

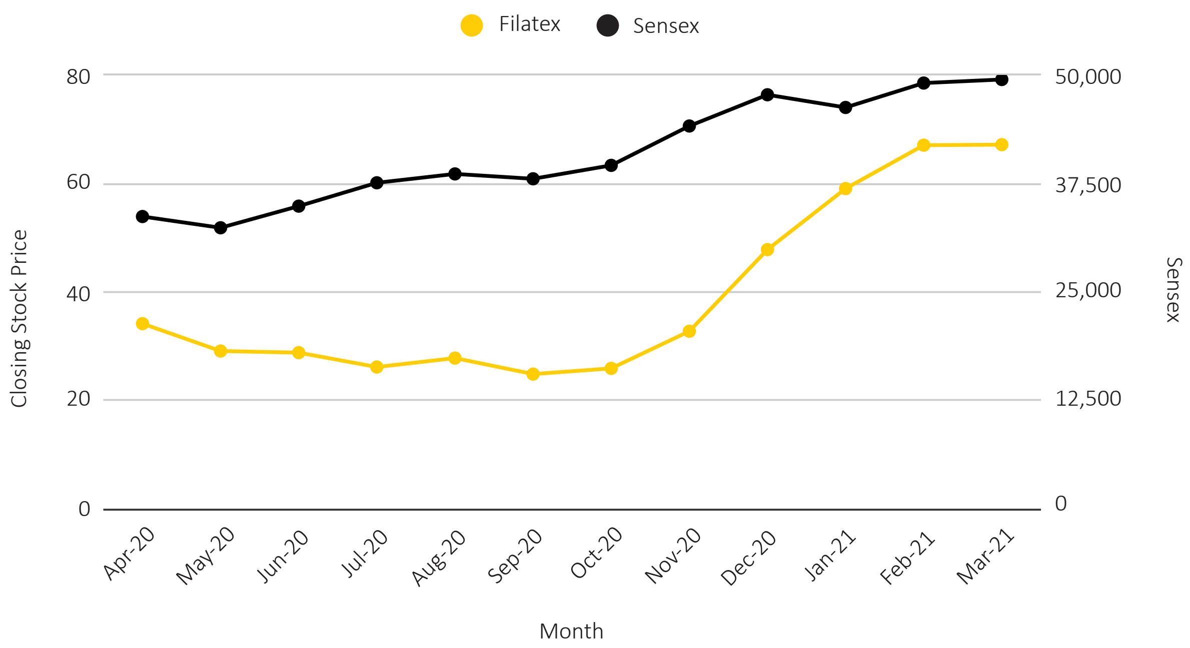
## 12. SHAREHOLDER'S REFERENCER

| | | |
|---|---|---|
| 12.1 | Annual General Meeting: | |
| | - Date and Time | Please refer to AGM Notice |
| | - Venue | Survey No. 274, Demni Road, Dadra - 396193 (U.T. of Dadra & Nagar Haveli) |
| 12.2 | Financial Calendar (tentative) | Results for the quarter ending 30-06-2021 on or before 14th August, 2021 |
| | | Results for the quarter/half year ending 30-09-2021 on or before 14th November, 2021 |
| | | Results for the quarter ending 31-12-2021 on or before 14th February, 2022 |
| | | Results for the quarter/year ending 31-03-2022 on or before 30th May, 2022 |
| 12.3 | Book Closure Date | As in the AGM Notice |
| 12.4 | Dividend Payment Date | Dividend will be paid within 30 days of ensuing AGM |
| 12.5. | Listing of Equity Shares on Stock Exchanges at | BSE & NSE. Annual Listing fee for the year 2021-22 has been paid to the above Stock Exchanges. |
| 12.6 | Stock Code | |
| | (a) Trading Symbol at | Bombay Stock Exchange Limited- 526227<br>National Stock Exchange of India Limited- FILATEX |
| | (b) Present ISIN of Equity Shares | INE816B01027 |

12.7 Stock Market Data:

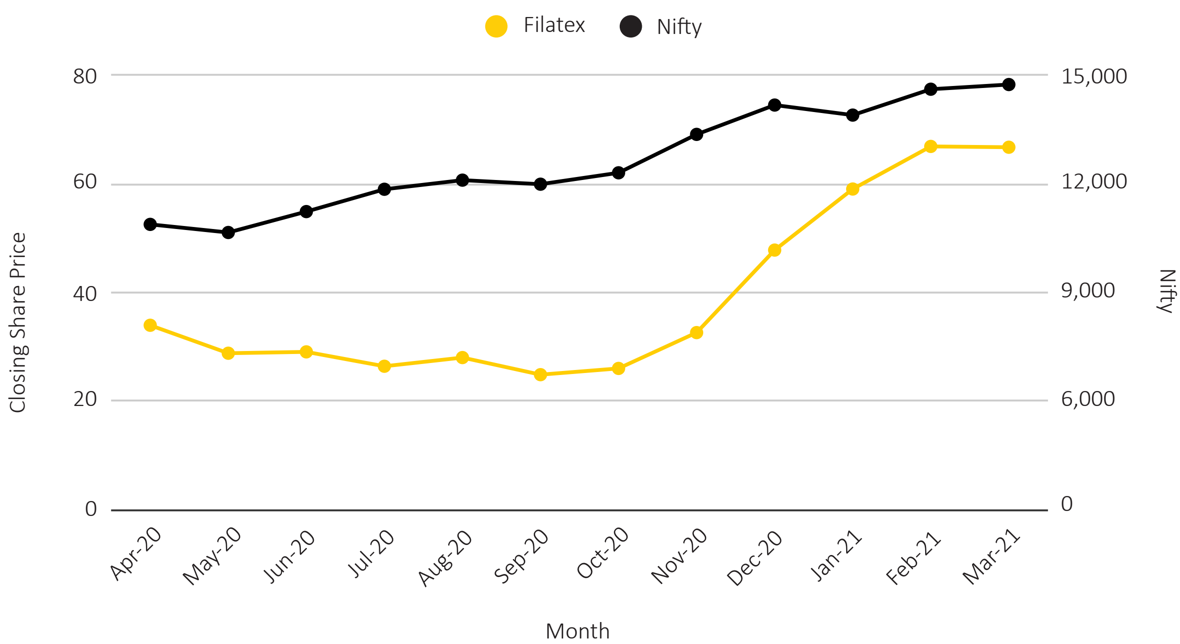
Monthly High & Low price of the Equity Shares of the Company for the year 2020-21 based upon BSE Price data in comparison to BSE Sensex is given below:

| Month | High | | Low | |
|---|---|---|---|---|
| | Share Price | Sensex | Share Price | Sensex |
| April, 2020 | 37.00 | 33887 | 17.00 | 27501 |
| May, 2020 | 32.50 | 32845 | 25.00 | 29968 |
| June, 2020 | 34.95 | 35707 | 25.20 | 32348 |
| July, 2020 | 29.35 | 38617 | 24.00 | 34927 |
| August, 2020 | 30.70 | 40010 | 23.25 | 36911 |
| September, 2020 | 30.00 | 39360 | 24.25 | 36496 |
| October, 2020 | 28.90 | 41048 | 22.50 | 38410 |
| November, 2020 | 34.90 | 44825 | 24.00 | 39335 |
| December, 2020 | 49.00 | 47897 | 32.50 | 44118 |
| January, 2021 | 71.70 | 50184 | 46.00 | 46160 |
| February, 2021 | 70.00 | 52517 | 57.00 | 46434 |
| March, 2021 | 73.35 | 51822 | 61.50 | 48236 |



Monthly High & Low price of the Equity Shares of the Company for the year 2020-21 based upon NSE Price data in comparison to Nifty is given below:

| Month | High | | Low | |
|---|---|---|---|---|
| | Share Price | Nifty | Share Price | Nifty |
| April, 2020 | 36.95 | 9889 | 17.00 | 8056 |
| May, 2020 | 34.00 | 9599 | 24.70 | 8807 |
| June, 2020 | 36.25 | 10553 | 25.25 | 9544 |
| July, 2020 | 29.20 | 11341 | 23.50 | 10300 |
| August, 2020 | 30.85 | 11794 | 24.00 | 10882 |
| September, 2020 | 31.00 | 11618 | 24.20 | 10790 |
| October, 2020 | 29.80 | 12025 | 21.95 | 11347 |
| November, 2020 | 35.15 | 13146 | 24.50 | 11557 |
| December, 2020 | 48.90 | 14025 | 32.20 | 12963 |
| January, 2021 | 72.00 | 14754 | 46.15 | 13597 |
| February, 2021 | 70.00 | 15432 | 56.80 | 13662 |
| March, 2021 | 73.50 | 15336 | 61.50 | 14264 |



| | | |
|---|---|---|
| 12.8 | Registrar and Transfer Agents | All the works relating to the share registry for the shares held in the physical form as well as the shares held in the electronic form (Demat) are being done by MCS Share Transfer Agent Limited at the following address:<br>MCS Share Transfer Agent Limited<br>F-65, Okhla Industrial Area<br>Phase-I, New Delhi- 110020<br>Tel: 011-41406148<br>Fax: 011-41709881<br>Email: admin@mcsregistrars.com<br>**Note:** Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants. |
| 12.9 | Share Transfer System | The Share Transfers in physical form are registered and returned to the respective shareholders within a period of 15 days from the date of receipt, subject to the documents lodged for transfer being valid in all respects. The Shareholders'/ Investors' Grievances Committee meets twice in a month to approve share transfers/ transmissions. |

12.10 Distribution of Shareholding according to categories of Shareholders as on 31st March, 2021:

| S.No | Category | No. of Shares | % to total |
|---|---|---|---|
| **1.** | **Promoters Holding** | | |
| | Promoter Group | 14,40,33,936 | 65.23 |
| **2.** | **Institutional Investors** | | |
| | Banks | 505 | 0.00 |
| | Foreign Institutional Investors | 99,46,500 | 4.50 |
| **3.** | **Others** | | |
| | Bodies Corporate | 1,17,76,581 | 5.33 |
| | Indian Public | 4,48,98,676 | 20.34 |
| | Directors or Directors Relatives | 4,18,070 | 0.19 |
| | NRIs & FCBs | 69,86,610 | 3.16 |
| | Clearing Members | 4,01,919 | 0.18 |
| | Hindu Undivided Families | 13,54,833 | 0.61 |
| | IEPF | 8,97,270 | 0.41 |
| | LLP | 1,03,100 | 0.05 |
| | **Total** | **22,08,18,000** | **100** |

Distribution of Shareholding as on 31st March, 2021 according to Size:

| Range | | Shareholders | | Shares | |
|---|---|---|---|---|---|
| No. of Shares | | Number | % to total holders | Number | % to total Capital |
| Upto | 5000 | 14761 | 91.22 | 5310383 | 2.41 |
| 5001 | 10000 | 585 | 3.62 | 2314399 | 1.05 |
| 10001 | 20000 | 342 | 2.11 | 2679015 | 1.21 |
| 20001 | 30000 | 124 | 0.77 | 1621611 | 0.73 |
| 30001 | 40000 | 63 | 0.39 | 1135147 | 0.51 |
| 40001 | 50000 | 49 | 0.30 | 1152815 | 0.52 |
| 50001 | 100000 | 122 | 0.75 | 4405395 | 2.00 |
| 100001 | and above | 135 | 0.83 | 202199235 | 91.57 |
| **Total** | | **16181** | **100** | **22,08,18,000** | **100** |

| | | |
|---|---|---|
| 12.11 | Dematerialization of Shares: | The shares of the Company are traded in compulsory dematerialized form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). |
| | Share Dematerialization record | As on 31st March, 2021, **22,03,97,400** Equity Shares were in dematerialized form which represents 99.81% of the paid up share capital. |
| 12.12 | Outstanding GDR/ADRs/ Warrants or any Convertible Instruments, conversion dates and likely impact on Equity | N.A. |
| 12.13 | Commodity price risk or foreign exchange risk and hedging activities | The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods. The Company takes forward cover in respect of its major foreign currency exposure such as for imports, repayment of borrowings & interest thereon denominated in foreign currency and export receivables. The Company at present is not dealing in commodities and therefore there is no hedging activity as of now. As and when the Company will deal in commodities, Company will make proper disclosure in the required format regarding commodity price risk and its hedging activities in terms of SEBI Circular dated November 15, 2018. |
| 12.14 | Plant Location | 1. Survey No.274, Demni Road, Dadra-396 193 (U.T. of Dadra & Nagar Haveli)<br>2. Plot No. D-2/6, Jolva Village PCPIR, Dahej-2 Industrial Estate GIDC, Distt. Bharuch Gujarat-392130 |
| 12.15 | Address for Investor Correspondence | MCS Share Transfer Agent Limited<br>F-65, Okhla Industrial Area, Phase-I,<br>New Delhi- 110020<br>Tel : 011-41406148<br>Fax : 011-41709881 Email: admin@mcsregistrars.com<br><br>Members can also contact:<br>The Company Secretary<br>Filatex India Limited<br>43, Community Centre,<br>New Friends Colony, New Delhi - 110 025<br>Email: shares@filatex.com<br>Shareholders are requested to quote their Folio Nos./DP Id/Client Id, No. of Shares held and address for prompt reply |

## 13. DIRECTORS RETIRING BY ROTATION/ APPOINTMENT/REAPPOINTMENT OF DIRECTORS:

Details of Directors retiring by rotation and reappointment of directors at the ensuing Annual General Meeting are given in the Explanatory Statement to the Notice of the AGM.

## 14. CREDIT RATING:

**Brickwork Ratings India Pvt. Ltd.** (BWR), SEBI Registered Credit Rating Agency, revised Credit Rating for Company's Bank Loan Facilities of ₹ 1191.17 Crores. The details of the same are as under:

| Facilities | Amount (₹ Crore) | Rating |
|---|---|---|
| Fund based | 741.17 | BWR A (Stable) (Upgrade) |
| Non-Fund Based | 450.00 | BWR A1 (Upgrade) |
| **Total** | **₹ 1191.17 (Rupees One thousand one hundred ninety one crores and seventeen lakhs only)** | |

**CARE Ratings Ltd**, on 23rd July 2021, has assigned Credit Rating in respect of Company's Long term Bank Facilities as under:

| Facilities | Amount (₹ Crore) | Rating |
|---|---|---|
| Long term Bank Facilities | 137.00 | CARE A; Stable<br>(Single A: Outlook: Stable) |
| **Total Bank Facilities** | **₹ 137.00 (Rupees One Hundred Thirty-Seven crore)** | |

**15.** A certificate given below has been received from M/s Siddiqui & Associates Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

## 16. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the Listing Regulation, Managing Director and Chief Financial Officer of the Company have submitted a certificate certifying various covenants about financial/cash flow statements, internal controls, financial reporting etc. in respect of Accounts for the year ending 31st March, 2021 to the Board of Directors.

## 17. NON MANDATORY ITEMS:

The Company has not adopted any non mandatory requirements as mentioned in the Listing Regulation.

For and on behalf of the Board of Directors of
**Filatex India Limited**

**Place:** New Delhi
**Date:** 27th July, 2021

**Madhu Sudhan Bhageria**
Chairman and Managing Director
DIN:00021934

**DECLARATION**

I, Madhu Sudhan Bhageria, Managing Director of the Company do hereby declare that all the Directors of the Company and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company for the financial year ended 31st March, 2021.

**Place:** New Delhi
**Date:** 19th July, 2021

**Madhu Sudhan Bhageria**
Chairman and Managing Director

# Auditors' Certificate on Corporate Governance

## TO THE MEMBERS OF FILATEX INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Filatex India Limited for the year ended 31st March, 2021 as stipulated in the Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For **Siddiqui & Associates**
Company Secretaries

**Place:** New Delhi
**Date:** 13th July, 2021

**K. O. Siddiqui**
FCS 2229; CP 1284
UDIN: F002229C000625214

# Certificate of Non-Disqualification of Directors

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,
**The Members,**
**Filatex India Limited**
**S. No. 274, Demni Road,**
**Dadra 396193**
**U.T. of Dadra & Nagar Haveli**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Filatex India Limited** having **CIN L17119DN1990PLC000091** (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31$^{st}$ March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of Directors | Designation | DIN | Date of Appointment in the Company |
|---|---|---|---|---|
| 1. | Mr. Madhu Sudhan Bhageria | Managing Director | 00021934 | 30.07.2003 |
| 2. | Mr. Purrshottam Bhaggeria | Whole Time Director | 00017938 | 30.07.2003 |
| 3. | Mr. Madhav Bhageria | Whole Time Director | 00021953 | 30.07.2003 |
| 4. | Mr. Ashok Chauhan | Whole Time Director | 00253049 | 12.02.2014 |
| 5. | Mr. Suraj Parkash Setia | Director | 00255049 | 30.07.2003 |
| 6. | Mr. Swarup Chandra Parija | Director | 00363608 | 30.07.2003 |
| 7. | Mr. Brij Behari Tandon | Director | 00740511 | 13.02.2015 |
| 8. | Ms. Pallavi Joshi Bakhru | Director | 01526618 | 20.09.2013 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Siddiqui & Associates**
Company Secretaries

**Place:** New Delhi
**Date:** 26$^{th}$ July, 2021

**K. O. Siddiqui**
FCS 2229; CP 1284
UDIN: F002229C000688002

# Annexure - D

## FORM NO. MR-3

**SECRETARIAL AUDIT REPORT**

*For the Financial Year ended 31st March 2021*
*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
**The Members,**
**Filatex India Limited**
**S. No. 274, Demni Road,**
**Dadra 396193**
**U.T. of Dadra & Nagar Haveli**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Filatex India Limited** having **CIN: L17119DN1990PLC000091** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Filatex India Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2021** 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Filatex India Limited** for the financial year ended on **31st March 2021** 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 (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);

**The Company has complied with the provisions, rules & regulations of FEMA to the extent applicable. The Company is not having any FDI & ODI during the period.**

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, 2015

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

**Not Applicable to the Company for the year under review;**

d. The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

**Not Applicable to the Company for the year under review;**

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;

**To the extent applicable to the Company under review;**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable to the Company during the Audit Period**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

**Not Applicable to the Company for the year under review.** and

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

o The Secretarial Standards issued by the Institute of Company Secretaries of India as notified of Corporate Affairs from time to time;

o The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited (NSE Limited) and The Bombay Stock Exchange Limited (BSE Limited)

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- The Textile Committee Act 1963
- Petroleum Act, 1934 and Rules made thereunder;

We further report that

1. 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 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015;
2. 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 or with shorter notice and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. All the decisions of the Board and Committees of Board have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We 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.

We further report that during the audit period, the Company had altered its Memorandum & Article of Association of the Company whereby it had added few new Objects and restructured the Articles of Association after complying with various compliances.

For **Siddiqui & Associates**
Company Secretaries

**Place:** New Delhi
**Date:** 13th July, 2021

**K. O. Siddiqui**
FCS 2229; CP 1284
UDIN: F002229C000625192

**Note:** This Report is to be read with our letter of even date which is annexed as Annexure- A and forms an integral part of this Report.

*Annexure - A*

## ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
**The Members,**
**Filatex India Limited**
**S. No. 274, Demni Road,**
**Dadra 396193**
**U.T. of Dadra & Nagar Haveli**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have conducted the Secretarial Audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to nationwide lockdown to fight COVID-19, some of the documents and records mentioned above have been received via electronic means and as such, could not be verified from the original's thereof. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the company for certain areas which otherwise requires physical verification.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
6. The compliances of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Siddiqui & Associates**
Company Secretaries

**Place:** New Delhi
**Date:** 13th July, 2021

**K. O. Siddiqui**
FCS 2229; CP 1284
UDIN: F002229C000625192

# Annexure - E

## FORM NO. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

| | | | |
|---|---|---|---|
| **1.** | | **Details of contracts or arrangements or Transactions not at arm's length basis** | **Not applicable** |
| | a) | Name(s) of the related party and nature of relationship | |
| | b) | Nature of contracts/arrangements/transactions | |
| | c) | Duration of the contracts/arrangements/transactions | |
| | d) | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| | e) | Justification for entering into such contracts or arrangements or transactions | |
| | f) | date(s) of approval by the Board | |
| | g) | Amount paid as advances, if any: | |
| | h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

| | | | |
|---|---|---|---|
| **2.** | | **Details of material contracts or arrangement or transactions at arm's length basis** | **Not applicable** |
| | a) | Name(s) of the related party and nature of relationship | |
| | b) | Nature of contracts/arrangements/transactions | |
| | c) | Duration of the contracts/arrangements/transactions | |
| | d) | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| | e) | Justification for entering into such contracts or arrangements or transactions | |
| | f) | date(s) of approval by the Board | |
| | g) | Amount paid as advances, if any: | |
| | h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | |

For and on behalf of the Board of Directors of
**Filatex India Limited**

**Place:** New Delhi
**Date:** 27th July, 2021

**Madhu Sudhan Bhageria**
Chairman and Managing Director
DIN:00021934

# Annexure - F

## *Particulars required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rule, 2014.*

## A) CONSERVATION OF ENERGY

**1. Energy Conservation measures taken:**

There are continuous efforts at all levels in the organisation to conserve energy and use it efficiently. Company has been implementing all viable options for reducing energy consumption. We have been improving efficiency through adoption of new technology and optimisation of manufacturing processes. Some of initiatives undertaken by Company to conserve energy includes:

- ✓ **Power quality enhancement:** We have reduced current harmonics distortion from 15% to around 5% and voltage harmonics distortion from 9% to 4% by providing “Active Harmonics Filters”. Now we can maintain Power factor up to 0.99. This step has also resulted in reduction in temperature rise in cables, switchgears & transformers. Additional benefits are optimization of hysteresis losses & copper losses due to optimisation of total harmonics distortion.
- ✓ **Lighting power conservation:** Plant lighting voltage reduced from 415V to 380V and this has helped us achieve around 8% saving in energy consumption. All Street lights & high mast luminaries have been changed to LEDs. The out-side lighting & godown lights controllers have been connected to illumination sensors in auto mode.
- ✓ Replaced old HTM application canned pump with high efficiency conventional centrifugal pump leading to energy saving is around 5%.
- ✓ **Effluent Treatment Plant:** Earlier total effluent was treated by using RO system. With the expansions in Plant, we have reviewed flow rate and effluent content and redesigned the flows in three streams viz. Low TDS, High TDS & Process effluent. With this the load on RO (Reverse Osmosis) Plant has reduced by almost 50%. This has also reduced “Reject water” quantities by around 150 M3/day and has increased efficiency and life span of RO membranes.
- ✓ **H.P. Air:** HP Air compressor generation pressure was reduced to 8.5 kg/cm2 from 9.0 kg/cm2 by changing pipelines and installing control valves in suction gun supply header & yarn cutter airlines to reduce consumption pressure from 8.5 kg/cm2 to 7.5 kg/cm2. With reduced pressure and flow requirements, HP Air Compressor Motor current set point was decreased gradually, keeping in view the process functions.

  High pressure compressed air headers were redesigned and control valve provided in suction gun which reduced the pressure drop & consumption. The generation pressure was reduced from 9.0 bars to 8.5 bars which resulted in reduction of energy consumption by around 3500 units per day.
- ✓ **Air Handling Units:** Provisions were made to inject low temperature fresh air during winter months which reduce refrigeration requirement by around 2500 TR/day during winter months.

  **Nitrogen Plant:** We have reduced Nitrogen pressure to 4.0 Bar from 6.0 Bar by reviewing & analyzing the requirement of Plant. With this reduction in pressure, we now run the Nitrogen Plant in Auto mode and its running hours are reduced to 14 hours instead of 24 hours. This has reduced consumption of Nitrogen by around 20%.

**2. Steps taken by the Company for utilizing alternative source of energy:**

Sunlight is one of our planet’s most abundant, clean and freely available energy resources. The company has commissioned 1.4 WM grid-connected Solar Photovoltaic (PV) plant at rooftop at our plants.

**3. The Capital investment made by the Company on energy conservation equipments during the financial year ended 31st March 2021:**

Around ₹ 43.75 Lakhs

## B) TECHNOLOGY ABSORPTION

**i Efforts in brief made towards technology absorption, adaptation and innovation**

- ✓ Development of new products to cater to the market requirement.
- ✓ Intermingling air system introduced to improve the quality of POY Yarn.
- ✓ Optimisation / modification in process, equipments and products

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

- ✓ Improvement in operational efficiency and quality of product.
- ✓ Reduction in manufacturing cost.
- ✓ Enhanced product portfolio by developing new products.

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

Not Applicable

**iv Research and development:**

***a Specific areas in which Research and Development carried out by company***

- ✓ We are a recognised R&D unit and are developing our own in-house technology for recycling of Polyester waste. We have developed a pilot plant adopting Glycolysis process. We are carrying out trials for depolymerization of polyester waste to monomer and re-polymerization of the monomer to Polyester chips/yarn.

***b Benefits derived as a result of the above research and development***

- ✓ Development of technology is in the process.

***c Expenditure on research & development:***

| | | | |
|---|---|---|---|
| ✓ | Capital | : | 15.53 Lakhs |
| ✓ | Recurring | : | 28.95 Lakhs |
| | **Total** | **:** | **44.48 Lakhs** |

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO (CASH BASIS):

- ✓ Foreign exchange earned: ₹ 25,496.81 Lakhs
- ✓ Foreign exchange used : ₹ 20,195.70 Lakhs

# Annexure - G

## *DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014*

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S.No. | Name of Director/KMP and Designation | Remuneration of Director/ KMP for the financial year 2020-21 (₹ In Lakhs) | % increase in Remuneration in the financial year 2020-21 | Ratio of Remuneration of each Director/to median Remuneration of Employees |
|---|---|---|---|---|
| 1 | Shri Madhu Sudhan Bhageria<br>Chairman & Managing Director | 198.29 | 64.98% | 98.16 |
| 2 | Shri Purrshottam Bhaggeria<br>Joint Managing Director | 149.14 | 31.75% | 73.83 |
| 3 | Shri Madhav Bhageria<br>Joint Managing Director & CFO | 145.42 | 29.69% | 71.99 |
| 4 | Shri Ashok Chauhan<br>Wholetime Director | 28.53 | -16.48% | 14.12 |
| 5 | Shri Brij Behari Tandon<br>Non-Executive Independent Director | # | # | # |
| 6 | Shri Swarup Chandra Parija<br>Non-Executive Independent Director | # | # | # |
| 7 | Shri Suraj Parkash Setia<br>Non-Executive Independent Director | # | # | # |
| 8 | Smt. Pallavi Joshi Bakhru<br>Non-Executive Independent Director | # | # | # |
| 9 | Shri Anil Dutt Mohla<br>Chief Financial Officer<br>(resigned on 27.05.2020) | 4.29 | $ | N.A |
| 10 | Shri Raman Kumar Jha<br>Company Secretary | 11.06 | 3.56% | N.A |

The aforesaid amount does not include amount in respect of Gratuity, Leave encashment and fair value of ESOP as the same is not paid.

# No remuneration only Sitting Fees Paid

$ Figures are not comparable as current year figure are not for Whole year.

ii) The median remuneration of employees of the Company during the financial year was **₹ 2.02 Lakhs**

iii) In the financial year, there was **No Change in the median remuneration** of employees.

iv) There were **2,349 permanent employees** on the rolls of Company as on 31st March 2021.

v) Average percentage increase made in the salaries of employees other than the Key Managerial personnel in the last financial year, i.e. 2020-21 was **Nil** whereas the increase in the managerial remuneration for the same financial year was **36.40%**. The increments given to employees are based on their potential, performance and contribution, which is benchmarked against applicable Industry norms. The managerial remuneration has increased because of increase in Commission as percentage of profit which is on contractual basis as per approved terms of remuneration.

vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Details of Employees including Top ten employees pursuant to the provisions of Section 197(12) of the Companies Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

| Sr. No. | Name and Designation | Remuneration in (₹ Lakhs) | Qualification | Date of Commencement of employment | Age in Years | Experiences In Years | Particulars of last Employment | % of Equity shares held |
|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Madhu Sudhan Bhageria Chairman & Managing Director | 198.29 | B. Com (H) | 30-Jul-03 | 61 | 39 | Chief Executive, Madhu Industries | 8.75 |
| 2 | Mr. Purrshottam Bhaggeria Joint Managing Director | 149.14 | MBA | 30-Jul-03 | 59 | 36 | None | 9.84 |
| 3 | Mr. Madhav Bhageria Joint Managing Director & CFO | 145.42 | B.Com (H) | 30-Jul-03 | 57 | 34 | None | 9.93 |
| 4 | Mr. Rajiv Kasturia Sr. Vice President (Marketing) | 31.89 | DHT - Tech | 01-Feb-94 | 56 | 33 | Cosmo Synthetics Ltd. | 0.11 |
| 5 | Mr. Vyanu B. Vyas Chief Operating Officer | 29.75 | B.Tech, PGDM-Mgt & Mktg | 11-Nov-10 | 56 | 38 | Aggarwal Indotex Ltd. | 0.07 |
| 6 | Mr. Ashok Chauhan Whole Time Director | 28.53 | B.E (Mech), MBA | 12-Feb-14 | 70 | 48 | JMD in Alchemist Group | 0.09 |
| 7 | Mr. Jay Prakash Singh Assistant Vice President (Marketing) | 21.10 | Diploma in Electronics and telecom Engineering | 13-Aug-98 | 51 | 28 | Rajasthan Petro Synth. Ltd | 0.02 |
| 8 | Mr. Ravindra Prasad Verma Chief General Manager (HR) (Resigned on 31.12.2020) | 20.87 | MBA-HR | 01-Jan-18 | 53 | 35 | Shaily Engineering Plastic Ltd. | - |
| 9 | Mr. Sujit Manohar Garge Dy. General Manager (Instrumentation) | 20.06 | Diploma in Industrial Electronics | 24-Jul-18 | 49 | 28 | Sohar Asphalt LLC, Oman. | - |
| 10 | Mr. A. Vijay Kumar Deputy General Manager | 19.76 | B.E (Mech) | 21-May-18 | 45 | 21 | Bhilosa Industries Private Limited | - |

**Notes:**

1 The Remuneration received includes Salary, other allowances & Commission.

2 Mr. Madhu Sudhan Bhageria, Mr. Purrshottam Bhaggeria and Mr. Madhav Bhageria are only related to each other.

3 Employment of Mr. Madhu Sudhan Bhageria, Mr. Purrshottam Bhaggeria, Mr. Madhav Bhageria and Mr. Ashok Chauhan are on contractual basis.

For and On Behalf of the Board of Directors

**Place:** New Delhi
**Date:** 27th July, 2021

**Madhu Sudhan Bhageria**
Chairman and Managing Director
DIN:00021934

# Business Responsibility Report

*The Business Responsibility Report (BRR) is one of the avenues to communicate the company's obligation and performance to all its stakeholders.*

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India. In order to provide guidance to businesses regarding the responsible business conduct, Ministry of Corporate Affairs (MCA), Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs).

The Company is pleased to present its Business Responsibility Report for the financial year ended March 31, 2021.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

**1. CORPORATE IDENTITY NUMBER (CIN)** : L17119DN1990PLC000091

**2. NAME OF THE COMPANY** : Filatex India Limited

**3. REGISTERED ADDRESS** : S. No.274, Demni Road, Dadra-396193
U.T. of Dadra & Nagar Haveli

**4. WEBSITE** : www.filatex.com

**5. EMAIL ID** : secretarial@filatex.com

**6. FINANCIAL YEAR REPORTED** : 1st April 2020 to 31st March 2021

**7. SECTOR(S) THAT THE COMPANY IS ENGAGED IN (INDUSTRIAL ACTIVITY CODE-WISE):**

| NIC CODE | DESCRIPTION |
|---|---|
| 22201 | Polyester Chips |
| 20203 | Polyester Partially Oriented Yarns (POY) |
| | Drawn Textured Yarn (DTY) |
| | Fully Drawn Yarns (FDY) |
| | Polypropylene Multifilament Crimp Yarns (PPY) |
| 13999 | Narrow Woven Fabric (NWF) |

**8. LIST THREE KEY PRODUCTS/SERVICES THAT THE COMPANY MANUFACTURES/PROVIDES (AS IN BALANCE SHEET):**

- Polyester Partially Oriented Yarn (POY)
- Polyester Fully Drawn Yarn (FDY)
- Polyester Draw Textured Yarns (DTY)

**9. TOTAL NUMBER OF LOCATIONS WHERE BUSINESS ACTIVITY IS UNDERTAKEN BY THE COMPANY:**

- **Corporate Office -** New Delhi
- **Manufacturing Facilities**

  The Company has manufacturing facilities at Dahej (Gujarat) & Dadra (Union Territory of D&NH). The plant at Dahej is an integrated spinning facility with continuous polymerization.
- **Marketing Offices**

  New Delhi, Surat and Mumbai

**10. MARKETS SERVED BY THE COMPANY:**

The company caters mainly to Surat, Mumbai, Ahmedabad, Ludhiana, Panipat & Bhilwara markets in India and is exporting its products to more than 45 countries across 5 continents.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY (STANDALONE OPERATIONS)

**1. PAID UP CAPITAL :** ₹ 4,416 Lakhs

**2. TOTAL TURNOVER :** ₹ 2,22,715 Lakhs

**3. TOTAL PROFIT AFTER TAXES :** ₹ 16,583 Lakhs

**4. TOTAL SPENDING ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PERCENTAGE OF PROFIT AFTER TAX (%)**

The Company has spent ₹ 120.06 lakhs on Corporate Social Responsibility (CSR) activities in FY20-21 which amounts to 1.04% of the average profit after tax in the previous three financial years.

**5. LIST OF ACTIVITIES IN WHICH EXPENDITURE IN 4 ABOVE HAS BEEN INCURRED.**

The major thrust areas for our programs are:

- Primary Health Facilities
- Primary Education
- Women Self-Employment
- Swachh Bharat Abhiyan
- Promotion of sports
- Availability of Safe Drinking Water

## SECTION C: OTHER DETAILS

**1. DOES THE COMPANY HAVE ANY SUBSIDIARY COMPANY/ COMPANIES?**

As at March 31, 2021, the Company does not have any Direct/ Indirect subsidiaries, as defined under Section 2(87)(ii) of the Companies Act, 2013.

**2. DO THE SUBSIDIARY COMPANY/COMPANIES PARTICIPATE IN THE BR INITIATIVES OF THE PARENT COMPANY? IF YES,THEN INDICATE THE NUMBER OF SUCH SUBSIDIARYCOMPANY(S).**

Not Applicable

**3. DO ANY OTHER ENTITY/ENTITIES (E.G. SUPPLIERS, DISTRIBUTORS ETC.) THAT THE COMPANY DOES BUSINESS WITH PARTICIPATE IN THE BR INITIATIVES OF THE COMPANY? IF YES, THEN INDICATE THE PERCENTAGE OF SUCH ENTITY/ ENTITIES:**

Other entities viz. suppliers, distributors etc. with whom the Company does business, did not participate in the Business Responsibility initiatives of the Company during the year.

## SECTION D: BR INFORMATION

**1. DETAILS OF DIRECTOR/ DIRECTORS RESPONSIBLE FOR BR:**

***a) Details of the Director/Directors responsible for implementation of the BR policy/policies:***

The Corporate Social Responsibility Committee ("CSR Committee") of the Board of Directors is responsible for implementation of BR policies of the company. The members of CSR Committee are:

| SR. No. | Name of Directors | Designation |
|---|---|---|
| 1 | Shri Madhu Sudhan Bhageria | Chairman |
| 2 | Shri Purrshottam Bhaggeria | Member |
| 3 | Shri Madhav Bhageria | Member |
| 4 | Shri Brij Behari Tandon | Member |
| 5 | Smt. Pallavi Joshi Bakhru | Member |

***b) Details of the BR Head:***

| Sr. No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number | 00021934 |
| 2 | Name | Mr. Madhu Sudhan Bhageria |
| 3 | Designation | Chairman & Managing Director |
| 4 | Telephone Number | 011-26312503 |
| 5 | E mail Id | msbhageria@filatex.com |

**2. PRINCIPLE-WISE (as per NVGs) BR POLICY/POLICIES**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights

P6 Business should respect, protect, and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

***a) Details of Compliance (Reply Y/N)***

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a Policy/Policies for … | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2 | Has the Policy been formulated in consultation with the relevant stakeholders | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 3 | Does policy conform to any national /international standards (A) | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 4 | Has the policy been approved by the board? If yes has it been signed by MD/ CEO/ appropriate Board Director? (B) | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee implementation of the policy? (B) | Y | Y | Y | Y | Y | Y | - | Y | Y |

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 6 | Indicate the link for the policy to be viewed online? | All relevant policies are uploaded on the internet site for information as well as implement by internal stakeholders. Further, policies on the Code of Conduct, CSR policy, Vigil policy, Quality Environment Health and Safety policy are also available on the website. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? (C) | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 8 | Does the Company have in house structure to implement the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy to address stakeholders grievances related to the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The Company is working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated from time to time and updated whenever required by the senior management. | | | | | | | | |

- All policies are formulated with detailed consultation with relevant stakeholders and benchmarking across the industry. These are formulated and aligned to applicable legal and regulatory requirements, and guidelines, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its internal mandates.
- All policies are administered under the overall supervision of the Management of the Company
- Link to Companies Policies : http://www.filatex.com/policies/

***b) If answer to the question at serial number 1 against any principle, is 'No', please explain why :***

| Principle | Response |
|---|---|
| Principle 7 : Policy Advocacy | Filatex is a member of various industrial and trade bodies, and plays a key role in advocating issues of the sector through them. It actively participates in industry forums, and is also involved in advocating formulation of relevant policies. Though the organization does not have a stated policy on advocacy currently, it continues to follow and monitor the business and regulatory environment closely. |

**3. GOVERNANCE RELATED TO BR:**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year –**

  The CSR Committee and the Board of Directors annually assess the Company's BR performance.

- **Does the Company publish a BR or sustainability Report? What is hyperlink for viewing this report? How frequently it is published?**

  Effective from FY19-20, the Company is preparing and publishing a Business Responsibility Report annually and the same is available on the website of the Company at www.filatex.com.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

The Company's conduct is governed by its core values and beliefs with strict adherence to fair and transparent business practices including greater emphasis of personal dignity and ethics. These value and beliefs, a way of life in the organization, have been seamlessly integrated into its culture.

1. **Does the policy relating to ethics, bribery and corruption apply only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/ Others?**

   The code of conduct serves as a guiding policy to all the employees of the company across all levels and grades. The Company's code of conduct is also applicable to all external stakeholders, suppliers, contractors etc., the company follows zero tolerance on any acts of bribery, corruption etc. by such agencies during their dealings with the company. The code is available on the Company's website: www.filatex.com. Additionally, as part of HR policy, the Company has framed/circulated policies which deal with (i) Ethics at workplace; and (ii) restraining giving and receiving of gifts and other benefits in the course of business relationship etc. These policies are applicable to the employees at all levels.

2. **How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   No complaints were received during the financial year. Additionally, on an ongoing basis, the complaints/ grievances/ views, if any, received from employees and other stakeholders, are dealt by respective functions within the Company.

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGH OUT THEIR LIFE CYCLE**

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The Company has been focusing on developing products that are environment friendly, utilizing waste by product from both internal and external sources, reducing carbon footprint and becoming more energy efficient.

   The Company also successfully completed and commenced commercial operation of its captive rooftop solar power generation of 1.0 MW at Dahej and 0.4 MW at Dadra in December 2020.

   Details of conservation of energy are given in Annexure- E of the Directors Report.

2. **Does the Company have procedures in place for sustainable sourcing (including transportation). If yes, what percentage of your inputs was sourced sustainably?**

   The Company strives to integrate social, ethical and environmental factors across the entire supply chain

3. **Has Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors.**

   The Company is procuring a significant part of its packing material and spare and consumables from local/indigenous suppliers. The Company also extensively works with domestic suppliers to develop vendors' capabilities for import substitution on ongoing basis.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste. (Separately as 10%). Also, provide details thereof, in about 50 words or so.**

   The Company is developing a chemical recycling process technology for regeneration of polymer from its yarn waste. Other than this, the Company operates on a Zero Discharge policy.

   The Company recycles packaging materials, paper tubes and wooden pallets. packaging material is also collected from customers for recycling/reuse

   In addition to that, to protect the environment, the company is using a **Composite Food Waste Machine** which produces fertilizer from the canteen food waste and the same is used for developing and maintaining green belt areas outside and inside the company premises.

**PRINCIPLE 3: BUSINESS SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES**

1. **Please indicate the total number of employees:** 2349 permanent employees as on March 31, 2021

2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis:** 2338 employees as on March 31, 2021

3. **Please indicate the number of permanent women employees:** 18 women employees as on March 31, 2021

4. **Please indicate number of permanent employee with disabilities:** 0 employee as on March 31, 2021

5. **Do you have employee association that is recognized by management?** No

6. **What percentage of your permanent employees is members of this recognized employee association?**

   Not Applicable

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

   No cases of child labour forced labour, involuntary labour, sexual harassment and discriminatory employment were reported in the last financial year.

   The Company has in place the Prevention of Sexual Harassment (POSH) Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, which ensures a free and fair enquiry process with clear timelines. All employees (permanent, contractual, temporary and trainees) are covered under this Policy. Further, the Company has an Internal Complaints Committee where employees can register their complaints against sexual harassment.

8. **What percentage of your above-mentioned employees were given safety and skill up-gradation training in the last year?**

   77% of employees were given safety and skill up-gradation training in the last year.

   The Company organizes various training sessions in-house to facilitate skill upgradation for handling relevant functions, basic fire and safety training. These training are attended by a majority of the employees. Training against Covid-19 spread are carried out regularly across all company locations.

   The company conducts a safety meeting on a weekly basis with plant heads and section heads to review and discuss safety measures for a safe working culture and ZERO risk operations.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED**

The Company aims to meet the expectations of its stakeholders that include shareholders, consumers, employees, suppliers and various service providers. The Company understands the needs of its stakeholders and develops action plans to fulfill them while achieving its business goals. The Company also has in place an investor grievance redressal system, a consumer complaint redressal system and various other committees to protect the interest of all the stakeholders. It discloses all the relevant information about its products, business, financial performance and other statutory information on the website of the Company to ensure effective stakeholder engagement.

1. **Has the Company mapped its internal and external stakeholders? Yes/No**

   Yes

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

As per our understanding and knowledge, there are no disadvantaged, vulnerable and marginalized stakeholders.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof**

Not Applicable

**PRINCIPLE 5: BUSINESS SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/NGOs/Others?**

The Company firmly believes in upholding and promoting human rights. Human Rights are protected under Code of Business Conduct, Whistle Blower Policy, Works Committee, Anti- Sexual Harassment Policy, Labour and Employee Welfare Policies.

Code of Business Conduct extends not only to employees of the Company but also others who work with or represent the Company directly or indirectly. The Company's Anti-Sexual Harassment Policy is applicable to all the employees including contractual and also covers trainees, consultants, contractors and vendors.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

During the financial year 2020-21, the Company did not receive any complaint regarding violation of human rights.

**PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

The Company understands its responsibility towards the environment and has taken various initiatives to reduce its environmental impact.

**1. Does the policy related to principle 6 cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOS/Others?**

The Policy relating to respecting, protecting and restoring the Environment covers the Company only. However, the Company encourages its suppliers, business partners and third parties with whom it conducts business to abide by this Policy.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company commenced commercial operation of its captive rooftop solar power generation of 1.0 MW at Dahej and 0.4 MW at Dadra in December 2020.

The Company has also conducted a special drive for tree plantation near the plant premises to reduce carbon footprint and address environmental issues.

The Company is continuously implementing process improvements to reduce emissions and wastes.

**3. Does the company identify and assess potential environmental risks? Y/N**

Sustainable development is at the core of the Company's operations which is also outlined in the Environment, Health and Safety Practices. The Company follows sound environmental management practices at its manufacturing unit to assess and address potential environmental risks.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

While the Company has so far, no project related to Clean Development Mechanism, it is continuously endeavoring to identify opportunities to contribute in this regard.

**5. Has Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink to web page etc.**

The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment.

The Company commenced commercial operation of its captive rooftop solar power generation of 1.0 MW at Dahej and 0.4 MW at Dadra in December 2020.

The Company has already availed power supply from the grid as major initiatives on clean technology and energy efficiency. The details of initiatives taken for conservation of energy are given in Annexure- E to the Directors' Report and the same is available on the website of the Company.

**6. Are the Emissions/Waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, all applicable statutory requirements with respect to emissions/ waste are compiled with and emission/waste generated by the company are within the permissible limit given by GPCB. The Company also shares an Environmental Clearance Compliance report every six months to the concerned authorities.

**7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

None

**PRINCIPLE7: BUSINESS, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

**1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

The Company is a member of the following:

- PHD chamber of Commerce & Industry
- South Gujarat Chamber of Commerce
- PTA Users Association
- Dahej Industrial Association
- Dadra Industrial Association

- Silvassa Industrial Manufacture Association
- Bharuch District Management Association (CSR Forum)

**2. Have you advocated/lobbied through above associations for advancement or improvement of public good? Yes/No; If yes, specify the broad areas**

The Company has been active in various business associations and supports/advocates on various issues for better customer experience.

**PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

The Company supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and through its core business. The Company acknowledges the impact of its activities on social and economic development and strives to create positive environment.

**1. Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8?**

The Company executes its CSR initiatives through various programs/initiatives, the details of which are given in Annexure- A to the Directors' Report and the same is available on the website of the Company.

The Company is providing initiative for local employment as well as local vendors to the extent possible,

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organization?**

The CSR Committee of the Board of Directors undertake CSR projects, through an in-house team.

**3. Have you done any impact assessment of your initiative?**

The Company is in the process of establishing suitable framework to capture the impact (social/ economic and developmental) of its initiatives. Our team regularly visit nearby villages and takes feedback from various beneficiaries.

**4. What is Company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?**

The total amount spending on CSR activities and projects during the F.Y. 20-21 was ₹ 120.06 Lakhs. The major thrust areas for our programs are:

- Primary Health Facilities
- Primary Education
- Women Self-Employment
- Swachh Bharat Abhiyan
- Promotion of sports
- Availability of Safe Drinking Water

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes, the Company works towards ensuring successful implementation of community development initiatives. The Company facilitates in supporting community members by community development management for disaster relief, making best efforts to complement and support the priorities at local levels, and assuring appropriate aid to communities who seek disaster relief.

**PRINCIPLE 9: BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year?**

There are no material customer complaints / consumer cases outstanding as at the end of financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws?**

The Polyester Division products being industrial products do not require any mandated display of product information. Nevertheless, all basic product information is displayed on the product packaging. Product quality certificate containing all necessary specifications are provided to customers.

**3. Is there any case filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as of end of financial year. If so, provide details thereof, in about 50 words or so.**

No material case has been filed by any stakeholder against the Company.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

As part of the customer complaint handling process, the Company carries out studies from time to time on customer satisfaction on monthly basis against certain defined attributes. Results are shared with the stakeholders for necessary action to improve the process.

# Independent Auditor’s Report

*To the Members of Filatex India Limited*

***Report on the Audit of Financial Statements***

## OPINION

We have audited the accompanying financial Statements of Filatex India Limited (‘the Company’), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“IND AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matters | Auditors Response |
|---|---|---|
| 1 | **Evaluation of Minimum Alternate Tax(MAT) credits**<br><br>The Company has material uncertain tax position regarding set off of MAT credit which involves significant judgment to determine the possible utilization of tax assets amounting to ₹ 5,807.66 lakhs refer note No. 25 of financial Statements. | **Principal Audit Procedures**<br><br>The ultimate realization of MAT Credits is dependent upon the generation of future taxable income during the periods taxable incomes exceeds the book profit as per the provisions of the income tax act. This requires the significant judgement. The management considered the scheduled adjustment of MAT credit, projected future taxable income and tax planning strategies in making this assessment. We have considered the projections of the future profitability of the Company, as appraised by the Company’s bankers for assessing credit limits and the relevant provisions of the income tax act as amended from time to time to test the probability of expected future economic benefit in respect of MAT credit. |
| 2 | **Taxes including provision for current tax, valuation of uncertain tax positions and recognition of deferred taxes.**<br><br>The Company has recorded ₹ 7,379.74 lakhs of tax expense during the year ended 31 March 2021.<br><br>The Company is subject to periodic tax challenges by tax authorities leading to protracted litigations. As such, accounting for taxes involves judgment in developing estimates of tax exposures and contingencies in order to assess the adequacy of tax provision.<br><br>Refer note 25 of financial statements. | **Principal Audit Procedures**<br><br>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain appropriate audit evidence:<br><br>• For uncertain tax positions, relied on judicial pronouncement/interpretations of law.<br><br>• Evaluated management’s judgment regarding the expected resolution of matters with various tax authorities, based on third party opinions and the use of past experience, where available, with the tax authorities.<br><br>• Assessed the adequacy of the disclosure in the financial statement relating to impact on income taxes and deferred taxes. |

| | | |
|---|---|---|
| 3 | **Allowance for Inventories**<br><br>The Company holds significant inventories and records allowance for identified obsolete inventories. As at 31 March, 2021, the Company's inventories amounted to ₹ 25,441.82. lakhs representing 14.08 % of the Company's total assets.<br><br>Refer Note No. 11 of financial statements.<br><br>At the end of each reporting period, management assesses whether there is any objective evidence that certain inventories, which are stated at cost, are above their net realizable value. If so, these inventories are written down to their net realizable value. Assessing the net realizable value is an area of significant judgment with specific consideration to slow moving and obsolete inventory and hence considered to be a Key Audit Matter.<br><br>Management undertakes the following procedures for determining the level of write down required.<br><br>• Specific identification procedures are performed periodically by the management to ascertain the slow moving, non-moving or obsolete inventories.<br><br>• Adequate allowance is created for non-moving and slow-moving inventories basis market realizable value and need of incremental re-processing cost.<br><br>• Perform a line-by-line analysis of remaining item of finished inventory (Inventory properties) to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. | **Principal Audit Procedures**<br><br>Our audit procedures to assess allowance for inventories included the following:<br><br>• We checked the management process for identification of slow moving, non-moving or obsolete inventories and ensured that the same is reasonable and consistently applied.<br><br>• We checked that the allowance for slow-moving, non-moving and obsolete inventories is appropriately computed basis the underlying working/supporting.<br><br>• We tested the net realizable value of inventory properties selected on a sample basis to recent selling price.<br><br>• We compared the actual utilization/liquidation of inventories to the status of inventories previously assessed as per specific identification method.<br><br>• We also checked inventory aging and inquiries for non-moving inventories which are not considered for inventory provisioning. |

## OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The above mentioned report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## MANAGEMENT'S RESPONSIBILITY FOR THE 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 financial statements to 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 Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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; and 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 thefinancial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficientand appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

        In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note-43 to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **R N Marwah & Co LLP**
Chartered Accountants
Firm Registration No.:001211N/N500019

**Sunil Narwal**
Partner
Membership No.:511190
UDIN: 21511190AAAABW9337

**Place:** New Delhi
**Date:** 22/04/2021

For **Arun K Gupta & Associates**
Chartered Accountants
Firm Registration No.: 000605N

**Gireesh Kumar Goenka**
Partner
Membership No.:096655
UDIN: 21096655AAAAAE6105

**Place:** New Delhi
**Date:** 22/04/2021

# Annexure-A to the Independent Auditor's Report

*(Referred to in paragraph 1 (f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Filatex India Limited of even date)*

## REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING 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 Filatex India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the 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 the 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 information and according to the 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, 2021, 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 **R N Marwah & Co LLP**
Chartered Accountants
Firm Registration No.:001211N/N500019

**Sunil Narwal**
Partner
Membership No.:511190
UDIN: 21511190AAAABW9337

**Place:** New Delhi
**Date:** 22/04/2021

For **Arun K Gupta & Associates**
Chartered Accountants
Firm Registration No.: 000605N

**Gireesh Kumar Goenka**
Partner
Membership No.:096655
UDIN: 21096655AAAAAE6105

**Place:** New Delhi
**Date:** 22/04/2021

# Annexure-B to the Independent Auditor's Report

*(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Filatex India Limited of even date)*

i. In respect of the Company's fixed assets:

a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

b) There is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the said programme part of the fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification

c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as Right of Use Assets in the financial statements, the lease agreements are in the name of the Company. (Original title deeds are mortgaged with the Banks)

ii. The management has conducted physical verification of inventory at reasonable intervals and no material discrepancies in inventory were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) &(iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act, 2013 in respect of investments made, have been complied by the Company. There are no other loans, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable.

v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. 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 under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete

vii. According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

c) Details of the dues outstanding of income-tax, duty of customs, goods & service tax and cess which have not been deposited on account of any dispute as at March 31, 2021 are stated below:-

| Sl. No | Name of the Statute | Nature of Dues | Amt (₹/lacs) | Period to Which it relates | Forum where Dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act, 1944 | NCCD on Deemed Exports | 2.77 | From July 2004 to Nov. 2004 | Commissioner (Appeals) C.E., Vapi |
| 2 | Central Excise Act, 1944 | Service Tax Credit before starting of production | 51.08 | F.Y 2011-12 | CESTAT, Ahmedabad |
| 3 | Central Excise Act, 1944 | Credit of Service Tax availed on courier service | 0.21 | F.Y's 2005-06 & 2006-07 | The Asst. Commissioner of Central Excise, Silvassa. |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Central Excise Act, 1944 | Demand of Service Tax credit availed on Sales Commission for the years 2009-10 & 2010-11 | 15.31 | F.Y's 2009-10 & 2010-11 | The Addl. Commissioner, Central Excise, Customs & Service Tax, Vapi |
| 5 | Central Excise Act, 1944 | Demand of Ex. duty on Polyester FDY Yarn transferred to NWF on transaction value instead of CAS-04 for the period from April-2009 to April-2012 | 32.99 | From Apr-2009 to Apr-2012 | Commissioner (Appeals) C.E., Vapi |
| 6 | Customs Act, 1962 | Differential duty on import of chips | 14.54 | December, 2007 | Asst. Commissioner of Customs, Group II, C&D, JNCH, Navi Mumbai. |
| 7 | Customs Act, 1962 | Co-Party made with a customer for discrepancies in compliance of export obligation by customer | 15.00 | April, 2007 | CESTAT, Western Zone, Ahmedabad. |
| 8 | Customs Act, 1962 | Fraudulent availment of DEPB credit by M/s Shivam Overseas, Ludhiana by resorting to overvaluation of their exported goods | 8.64 | March,2005 | The Commissioner of Customs (EP), New Custom House, Ballard Estate, Mumbai |
| 9 | Central Excise Act, 1944 | Demand of service tax credit availed on sales commission for the period April 2011 to December 2014 | 20.10 | April 2011 to December 2014 | The Additional Commissioner, Central excise, Custom & Service Tax, Div I Vapi. |
| 10 | Central Excise Act, 1944 | Demand of service tax credit availed on sales commission for the period January 2015 to November 2015 | 3.58 | January 2015 to November 2015 | The Assistant Commissioner, Central excise, Custom & Service Tax, Div I Silvassa. |
| 11 | Central Excise Act, 1944 | Demand of service tax credit availed on sales commission for the period April 2010 to February 2016 | 44.10 | April 2010 to February 2016 | The Superinendent, Central Ex & Custom, Range-III, Division- V, Bharuch |
| 12 | Central Excise Act, 1944 | Excise Rebate claim sale Invoice no. 2039ARE no.8/2014-15 | 3.09 | For the period 2014-15 | The Joint Commissioner, Central Excise, Raigarh |
| 13 | Central Excise Act, 1944 | Demand of C. Ex. duty on clearance of Narrow Woven Fabrics | 289.76 | For the period from August-2015 to June-2017 | The Commissioner CGST & Central Excise Daman |

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or banks. The Company does not have any outstanding debenture.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has paid and provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

xii. The Company is not a Nidhi Company, this clause is not applicable to the Company.

xiii. According to the records of the Company examined by us and the information and explanation given to us, the Company has complied with section 177 and 188 of the Companies Act 2013 in relation to transaction with related parties and the details have been disclosed in the Financial Statements as required by applicable Indian Accounting Standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

xv. As per the information & explanations given to us the Company has not entered into any non¬cash transactions with directors or persons connected with them as referred to in section 192 of the Companies Act, 2013.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **R N Marwah & Co LLP**
Chartered Accountants
Firm Registration No.:001211N/N500019

**Sunil Narwal**
Partner
Membership No.:511190
UDIN: 21511190AAAABW9337

**Place:** New Delhi
**Date:** 22/04/2021

For **Arun K Gupta & Associates**
Chartered Accountants
Firm Registration No.: 000605N

**Gireesh Kumar Goenka**
Partner
Membership No.:096655
UDIN: 21096655AAAAAE6105

**Place:** New Delhi
**Date:** 22/04/2021

# Balance Sheet
# As At March 31, 2021

₹ in lakhs

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non - Current Assets** | | | |
| Property, Plant and Equipments | 3 | 1,09,437.10 | 1,11,529.13 |
| Capital work in progress | 3 | 13,013.83 | 2,510.13 |
| Right of Use Assets | 4 | 3,977.39 | 4,142.23 |
| Other Intangible assets | 5 | 80.97 | 68.13 |
| Financial Assets | | | |
| Investments | 6 | 4.54 | 3.28 |
| Loans | 7 | 57.73 | 59.09 |
| Other Financial Assets | 8 | 52.95 | 470.00 |
| Income Tax Assets (net) | 9 | 92.32 | 37.67 |
| Other non-current assets | 10 | 748.08 | 2,878.98 |
| **Total Non Current Assets** | | **1,27,464.91** | **1,21,698.64** |
| **Current Assets** | | | |
| Inventories | 11 | 25,441.82 | 17,173.61 |
| Financial Assets | | | |
| Trade receivables | 12 | 12,163.89 | 11,864.50 |
| Cash & Cash Equivalents | 13 | 1,152.79 | 312.48 |
| Bank balances (other than cash and cash equivalents) | 14 | 2,456.25 | 1,864.85 |
| Loans | 15 | 42.40 | 156.69 |
| Other Financial assets | 16 | 1,084.75 | 1,693.16 |
| Other current assets | 17 | 10,113.15 | 7,378.69 |
| **Total Current Assets** | | **52,455.05** | **40,443.98** |
| Assets classified as held for sale | 18 | 715.44 | - |
| **Total Assets** | | **1,80,635.40** | **1,62,142.62** |
| **EQUITY & LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity Share Capital | 19 | 4,416.36 | 4,393.70 |
| Other Equity | 20 | 71,830.24 | 55,094.65 |
| **Total Equity** | | **76,246.60** | **59,488.35** |
| **LIABILITIES** | | | |
| **Non - Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrowings | 21 | 53,599.78 | 61,144.77 |
| Lease Liabilities | 22 | 186.97 | 323.06 |
| Other financial liabilities | 23 | 396.76 | 117.23 |
| Provisions | 24 | 776.31 | 724.34 |
| Deferred tax liabilities (Net) | 25 | 7,175.33 | 3,782.37 |
| Other non-current liabilities | 26 | 2,475.35 | 2,603.99 |
| **Total Non Current Liabilities** | | **64,610.50** | **68,695.76** |

₹ in lakhs

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 27 | 1,268.94 | 5,752.83 |
| Lease Liabilities | 28 | 26.53 | 36.49 |
| Trade Payables | | | |
| Total Outstanding Dues of Micro Enterprises and Small Enterprises | 29 | 878.61 | 22.69 |
| Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises | 29 | 26,545.55 | 18,580.53 |
| Other financial liabilities | 30 | 9,391.73 | 8,027.26 |
| Other current liabilities | 31 | 719.85 | 1,194.45 |
| Provisions | 32 | 351.09 | 311.73 |
| Income Tax Liabilities (net) | 33 | - | 32.53 |
| **Total Current Liabilities** | | **39,182.30** | **33,958.51** |
| Liabilities directly associated with assets classified as held for sale | 34 | 596.00 | - |
| **Total Equity and Liabilities** | | **1,80,635.40** | **1,62,142.62** |
| Summary of significant accounting policies | 2 | | |
| The accompanying notes are an integral part of the financial statements. | | | |

As per our report of even date

For and on behalf of the Board of Directors of
**Filatex India Limited**

For **Arun K Gupta & Associates**
Firm Registration No. 000605N
Chartered Accountants

For **R N Marwah & Co LLP**
Firm Registration No. 001211N/N500019
Chartered Accountants

**Madhu Sudhan Bhageria**
Chairman & Managing Director
DIN: 00021934

**Gireesh Kumar Goenka**
Partner
Membership No. 096655

**Sunil Narwal**
Partner
Membership No. 511190

**Madhav Bhageria**
Joint Managing Director & CFO
DIN: 00021953

**Place:** New Delhi
**Date:** April 22, 2021

**Raman Kumar Jha**
Company Secretary

# Statement Of Profit And Loss For The Year Ended March 31, 2021

₹ in lakhs

| Particulars | Note | For the Year Ended March 31, 2021 | For the Year Ended March 31, 2020 |
|---|---|---|---|
| **Income:** | | | |
| Revenue from operations | 35 | 2,22,715.29 | 2,78,206.89 |
| Other Income | 36 | 945.45 | 1,242.06 |
| **Total Income (I)** | | **2,23,660.74** | **2,79,448.95** |
| **Expenses:** | | | |
| Cost of materials consumed | 37 | 1,56,613.70 | 2,21,789.95 |
| Purchases of stock-in-trade | | 3,618.51 | 3,770.48 |
| Changes in Inventories of finished goods, stock in trade & work in progress | 38 | (2,411.32) | (4,160.19) |
| Employee benefits expense | 39 | 6,713.91 | 7,466.24 |
| Finance cost | 40 | 5,880.99 | 6,129.39 |
| Depreciation & amortization expense | 3,4 & 5 | 5,836.01 | 5,126.55 |
| Other Expenses | 41 | 23,445.88 | 27,127.83 |
| **Total Expenses (II)** | | **1,99,697.68** | **2,67,250.25** |
| **Profit/(loss) before tax** | | **23,963.06** | **12,198.70** |
| **Tax Expense:** | | | |
| Current tax | 25 | 6,138.08 | 2,129.18 |
| Deferred tax | 25 | 1,241.66 | (2,077.52) |
| **Total tax expense** | | **7,379.74** | **51.66** |
| **Net profit/(loss) after tax** | | **16,583.32** | **12,147.04** |
| **Other Comprehensive Income/ (loss)** | | | |
| **A (i) Items to be reclassified to profit or loss** | | - | - |
| **(ii) Income tax relating to items to be reclassified to profit or loss** | | - | - |
| **B (i) Items not to be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit plans | | 39.37 | 2.09 |
| **(ii) Income tax relating to items not to be reclassified to profit or loss** | | (9.91) | (0.53) |
| **Total Comprehensive Income/ (Loss)** | | **16,612.78** | **12,148.60** |
| **Earnings Per Share (EPS) in Rupees (Face value of ₹ 2/- per share)** | | | |
| -Basic | 42 | 7.51 | 5.53 |
| -Diluted | 42 | 7.47 | 5.48 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of
**Filatex India Limited**

For **Arun K Gupta & Associates**
Firm Registration No. 000605N
Chartered Accountants

**Gireesh Kumar Goenka**
Partner
Membership No. 096655

For **R N Marwah & Co LLP**
Firm Registration No. 001211N/N500019
Chartered Accountants

**Sunil Narwal**
Partner
Membership No. 511190

**Madhu Sudhan Bhageria**
Chairman & Managing Director
DIN: 00021934

**Madhav Bhageria**
Joint Managing Director & CFO
DIN: 00021953

**Raman Kumar Jha**
Company Secretary

**Place:** New Delhi
**Date:** April 22, 2021

# Statement Of Changes In Equity As At March 31, 2021

## A. EQUITY SHARE CAPITAL (REFER NOTE-19)

₹ in lakhs

| Equity shares of ₹ 2/- per share (previous year ₹ 2/- per share) issued, subscribed and fully paid | Number of Shares | Amount |
|---|---|---|
| **As at April 01, 2019** | **21,75,00,000** | **4,350.00** |
| Shares issued on exercise of employee stock options during the year | 21,85,000 | 43.70 |
| **As at 31st March 2020** | **21,96,85,000** | **4,393.70** |
| Shares issued on exercise of employee stock options during the year | 11,33,000 | 22.66 |
| **As at 31st March 2021** | **22,08,18,000** | **4,416.36** |

## B. OTHER EQUITY

₹ in lakhs

| Particulars | Share application money pending allotment | Reserve and Surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital Reserve | Capital Redemption Reserve | Securities Premium | General Reserve | Share based option outstanding | Retained Earnings | |
| **Balance as at April 01, 2019** | **113.06** | **1,253.11** | **1,250.00** | **9,734.30** | **350.43** | **123.50** | **30,033.20** | **42,857.60** |
| Impact on account of adoption of Ind AS 116 | - | - | - | - | - | | (43.77) | (43.77) |
| **Restated Balance as at April 01, 2019** | **113.06** | **1,253.11** | **1,250.00** | **9,734.30** | **350.43** | **123.50** | **29,989.43** | **42,813.83** |
| Profit for the Year | - | - | - | - | - | - | 12,147.04 | 12,147.04 |
| Share based compensation to employees | - | - | - | - | - | 47.76 | - | 47.76 |
| Shares issued on exercise of employee stock options | (161.69) | - | - | 117.99 | - | - | - | (43.70) |
| Transfer to general reserve on exercise of stock options | - | - | - | - | 45.63 | (45.63) | - | - |
| Subscription to stock option scheme | 128.16 | - | - | - | - | - | - | 128.16 |
| **Other Comprehensive Income:** | | | | | | | | |
| Re-measurement of defined benefit plans | - | - | - | - | - | - | 1.56 | 1.56 |
| **Total Comprehensive Income for the year** | **(33.53)** | **-** | **-** | **117.99** | **45.63** | **2.13** | **12,148.60** | **12,280.82** |
| **Balance as at March 31, 2020** | **79.53** | **1,253.11** | **1,250.00** | **9,852.29** | **396.06** | **125.63** | **42,138.03** | **55,094.65** |
| Profit for the Year | - | - | - | - | - | - | 16,583.32 | 16,583.32 |
| Share based compensation to employees | - | - | - | | - | 83.11 | - | 83.11 |
| Shares issued on exercise of employee stock options | (83.84) | - | - | 61.18 | - | - | - | (22.66) |
| Transfer to general reserve on exercise of stock options | - | - | - | - | 22.79 | (22.79) | - | - |
| Subscription to stock option scheme | 62.36 | - | - | - | - | - | - | 62.36 |
| **Other Comprehensive Income:** | | | | | | | | |
| Re-measurement of defined benefit plans | - | - | - | - | - | - | 29.46 | 29.46 |
| **Total for the year** | **(21.48)** | **-** | **-** | **61.18** | **22.79** | **60.32** | **16,612.78** | **16,735.59** |
| **Balance as at March 31, 2021** | **58.05** | **1,253.11** | **1,250.00** | **9,913.47** | **418.85** | **185.95** | **58,750.81** | **71,830.24** |

i) Refer note 20 for nature and purpose of reserves

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **Arun K Gupta & Associates**
Firm Registration No. 000605N
Chartered Accountants

**Gireesh Kumar Goenka**
Partner
Membership No. 096655

For **R N Marwah & Co LLP**
Firm Registration No. 001211N/N500019
Chartered Accountants

**Sunil Narwal**
Partner
Membership No. 511190

For and on behalf of the Board of Directors of
**Filatex India Limited**

**Madhu Sudhan Bhageria**
Chairman & Managing Director
DIN: 00021934

**Madhav Bhageria**
Joint Managing Director & CFO
DIN: 00021953

**Raman Kumar Jha**
Company Secretary

**Place:** New Delhi
**Date:** April 22, 2021

# Statement Of Cash Flow
# For The Year Ended March 31, 2021

₹ in lakhs

| Particulars | For the Year Ended March 31, 2021 | For the Year Ended March 31, 2020 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net profit / (loss) before tax | 23,963.06 | 12,198.70 |
| **Adjustments for:** | | |
| - Depreciation/amortization | 5,836.01 | 5,126.55 |
| - Loss/(profit) on Property, Plant & Equipment sold/discarded (net) | (17.34) | 3.03 |
| - Employee Stock Option expense | 83.11 | 47.76 |
| - Remeasurement of Employee Benefit Expenses | 39.37 | 2.09 |
| - Foreign exchange Loss/ (profit) (net) | 801.90 | 2,000.00 |
| - Unrealised Marked to Market (Gain)/Loss | 172.26 | (562.30) |
| - Provisions/liabilities no longer required, written back (net) | (62.65) | (16.30) |
| - Processing Fees on Long term Loans | 467.60 | 437.07 |
| - Provision for Doubtful Debts | - | 16.93 |
| - Bad Debts Written off | 101.89 | 23.71 |
| - Interest expense | 2,639.54 | 2,666.17 |
| - Interest income | (246.62) | (403.17) |
| - Dividend income | (138.69) | (52.09) |
| **Operating profit before working capital changes** | **33,639.44** | **21,488.15** |
| **Movements in working capital :** | | |
| Decrease/ (increase) in trade receivables | (360.60) | (1,823.89) |
| Decrease/ (increase) loans and advances/other current assets | (1,992.31) | (927.78) |
| Decrease/ (increase) in inventories | (8,268.21) | 95.19 |
| Increase / (decrease) in trade & other payable / provisions | 11,237.86 | (870.24) |
| **Cash generated from operations** | **34,256.18** | **17,961.43** |
| Direct taxes paid (net of refunds) | (4,120.58) | (2,304.10) |
| **Net cash flow from operating activities (a)** | **30,135.60** | **15,657.33** |
| **Cash flow from investing activities** | | |
| Purchase of Property, Plant & Equipment (Including Capital Advances & CWIP) | (12,180.34) | (24,025.90) |
| Proceeds from sale of Property, Plant & Equipment (Including advances received) | 644.36 | 20.77 |
| Purchase of Investment | (1.26) | - |
| Sale of Investment | - | 2.28 |
| (Increase)/Decrease in deposits | (643.36) | 167.57 |
| (Increase)/Decrease in unpaid Dividend Account | - | 1.66 |
| Interest received | 766.83 | 363.18 |
| Dividend received | 138.69 | 52.09 |
| **Net cash flow from/(used in) investing activities (b)** | **(11,275.08)** | **(23,418.35)** |
| **Cash flow from financing activities** | | |
| Proceeds from exercise of Share option (including share application money) | 62.36 | 128.16 |
| Proceeds from long-term borrowings from banks | 12,400.40 | 19,280.09 |
| Proceeds from long-term borrowings from others | - | - |
| Repayment of long term borrowings to Banks | (18,067.74) | (5,256.48) |
| Repayment of long term borrowings to others | (4,506.43) | (4,218.88) |
| Net Proceeds/(repayment) from/of short-term borrowings | (4,483.89) | (1,383.16) |

₹ in lakhs

| Particulars | For the Year Ended March 31, 2021 | For the Year Ended March 31, 2020 |
|---|---|---|
| Payment of Lease Liabilities | (47.88) | (70.09) |
| Interest paid | (3,377.03) | (2,821.39) |
| **Net cash flow from/(used in) in financing activities (c)** | **(18,020.21)** | **5,658.25** |
| **Net increase/(decrease) in cash and cash equivalents (a + b + c)** | **840.31** | **(2,102.77)** |
| Cash and cash equivalents at the beginning of the year | 312.48 | 2,415.25 |
| **Cash and cash equivalents at the end of the year** | **1,152.79** | **312.48** |
| **Components of cash and cash equivalents** | | |
| Cash on hand | 10.08 | 10.74 |
| Balance with scheduled Banks : | | |
| - on Current account ^ | 1,142.71 | 301.74 |
| - on deposit account | 2,456.25 | 1,864.85 |
| **Cash and Bank Balances** | **3,609.04** | **2,177.33** |
| Less: Fixed Deposits not considered as cash and cash equivalents | | |
| - Deposits pledged with banks | 2,456.25 | 1,864.85 |
| - Unpaid dividend account | - | - |
| **Cash & Cash Equivalents** | **1,152.79** | **312.48** |

^ Includes ₹ 58.05 Lakhs (previous year ₹ 126.48 Lakhs) that are not available for use by the Company as they represent Share application money including tax received against ESOS.

The accompanying notes are an integral part of financial statement.

As per our report of even date

For and on behalf of the Board of Directors of **Filatex India Limited**

For **Arun K Gupta & Associates**
Firm Registration No. 000605N
Chartered Accountants

For **R N Marwah & Co LLP**
Firm Registration No. 001211N/N500019
Chartered Accountants

**Madhu Sudhan Bhageria**
Chairman & Managing Director
DIN: 00021934

**Gireesh Kumar Goenka**
Partner
Membership No. 096655

**Sunil Narwal**
Partner
Membership No. 511190

**Madhav Bhageria**
Joint Managing Director & CFO
DIN: 00021953

**Place:** New Delhi
**Date:** April 22, 2021

**Raman Kumar Jha**
Company Secretary

# Notes To The Financial Statements For The Year Ended 31 March 2021

## 1 CORPORATE INFORMATION

Filatex India Ltd. ('The Company') is a Public Limited Company incorporated in India. The address of its Registered Office is S.No. 274, Demni Road, Dadra- 396191 (U.T of Dadra & Nagar Haveli) and Corporate office is 43, Community Centre, New Friends Colony, New Delhi- 110025, India. The main business of the Company is manufacturer of Polyester Chips, Polyester/Nylon/ Polypropylene Multi & Mono Filament Yarn and Narrow Fabrics. The Company is listed on Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE) of India Limited.

The financial statements were authorised by the Board of Directors for issuing accordance with a resolution passed on April 22, 2021.

## 2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by The Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements.

### 2.1 Basis of preparation of Financial Statements

***a) Statement of compliance with Ind AS:***

These financial statements are prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') under the Historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act 2013 ("The Act") and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

***b) Basis of measurement***

These financial statements are prepared under the historical cost convention except for the following material items that have been measured at fair value as required by relevant Ind AS :

- certain financial assets (including derivative financial instruments) that are measured at fair value;

- share based payments;

- defined benefit plans- plan assets measured at fair value;

- certain property, plant and equipment measured at fair value (viz leasehold land and freehold land) which has been considered as deemed cost.

The fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**Fair value measurement:**

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

**Where required/appropriate, external valuers are involved.**

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy established by Ind As 113, that categorises into three levels, the inputs to valuation techniques used to measure fair value. These are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly(i.e. as prices) or indirectly(i.e. derived from prices).

**Level 3** inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

The Company recognises transfers between levels of fair value hierarchy at the end of reporting period during which change has occurred.

***c) Current non-current classification:***

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle

- It is held primarily for the 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months. However, for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as normal operating cycle.

***d) Functional and presentation currency***

Items included in the financial statements of The Company are measured using the currency of the primary economic environment in which The Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of The Company.

***e) Rounding of amounts:***

All amounts disclosed in the financial statements and notes are in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.2 Use of estimates**

The preparation of financial statements in conformity with the recognition and measurement principles of the Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements, and the reported amounts of revenues, expenses and the results of operations during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an "ongoing basis". Such estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

**2.3 Revenue recognition**

***Sale of goods***

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

***Revenue (other than sale)***

Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to The Company and the revenue can be reliably measured.

***Insurance Claims***

Insurance claims are accounted for on the basis of claims admitted and to the extent that there is no uncertainty in receiving the claims.

Export benefits/incentives constituting Duty Draw back, incentives under FPS/FMS/MEIS and duty free advance license scheme are accounted for on accrual basis where there is reasonable assurance that The Company will comply with the conditions attached to them and the export benefits will be received.

***Interest Income***

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

***Dividend***

Dividend income is recognized when The Company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

**2.4 Property, plant and equipment (PPE)**

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

**Cost of an item of property, plant and equipment comprises –**

i. its purchase price, including import duties and non – refundable purchase taxes (net of duty/ tax credit availed), after deducting trade discounts and rebates.

ii. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

iii. borrowing cost directly attributable to the qualifying asset in accordance with accounting policy on borrowing cost.

iv. the costs of dismantling, removing the item and restoring the site on which it is located.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, related pre-operational expenses and for qualifying assets applicable borrowing costs to be capitalised in accordance with The Company's accounting policy. Administrative, general overheads and other indirect expenditure (including borrowing costs) incurred during the project period which are not directly related to the project nor are incidental thereto, are expensed.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other items of PPE, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The Company identifies and determines cost of each component/ part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Machinery spares which meets the criteria of PPE is capitalized and depreciated over the useful life of the respective asset.

**On transition to Ind AS:**

Under the Previous GAAP, all property, plant and equipment were carried at in the Balance Sheet on basis of historical cost. In accordance with provisions of Ind AS 101 First time adoption of Indian Accounting Standards, The Company, for certain properties, has elected to adopt fair value and recognized as of April 1, 2016 as the deemed cost as of the transition date. The resulting adjustments have been directly recognized in retained earnings. The balance assets have been recomputed as per the requirements of Ind AS retrospectively as applicable.

**Depreciation:**

Depreciation on Property, Plant & Equipment (other than freehold land and capital work in progress) is provided on the straight line method, based on their respective estimate of useful lives, as given below. Estimated useful lives of assets are determined based on internal assessment estimated by the management of The Company and supported by technical advice wherever so required. The management believes that useful lives currently used, which is as prescribed under Schedule II to the Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of Property, Plant & Equipment ( considered at 5% of the original cost), though these lives in certain cases are different from lives prescribed under Schedule II.

| Type of assets | Useful life in years |
|---|---|
| Buildings | |
| Factory Building | 30 years |
| Non Factory Buildings | 60 years |
| Leasehold Improvements | Lower of Useful life of asset or Lease Term |
| Plant and Machinery * | 5 – 25 years |
| Furniture and Fixtures | 10 years |
| Office Equipment | 5 years |
| Vehicles | 8- 10 years |
| Computers | 3 years |

*Based on internal technical evaluation and external advise received, the management believes that the useful lives as considered for arriving at the depreciation rates, best represent the period over which management expect to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Assets individually costing ₹ 5000 or less are fully depreciated in the year of acquisition.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is retired from active use and is held for disposal and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed periodically including at the end of each financial year. Any changes in depreciation method, useful lives and residual values are treated as a change in accounting estimate and applied/adjusted prospectively, if appropriate.

**2.5 Intangible assets**

Identifiable intangible assets are recognised when The Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to The Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets with finite useful lives are recognised at cost of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as 'intangible assets under development. This comprises expenditure on ERP software license fee and it's configuration and customization.

Intangible assets are derecognised (eliminated from the balance sheet) on disposal or when no future economic benefits are expected from its use and subsequent disposal.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset are recognised as income or expense in the statement of profit and loss.

***Deemed cost on transition to Ind AS:***

Under the Previous GAAP, all Intangible assets were carried at in the Balance Sheet on basis of historical cost. The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

***Amortisation:***

Intangible assets are amortised on a straight line basis over the estimated useful lives of respective assets from the date when the asset are available for use, on pro-rata basis. Estimated useful lives by major class of finite-life intangible assets are as follows:

| Type of assets | Useful life in years |
|---|---|
| Computer software | 5 years |

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted prospectively.

**2.6 Financial instruments**

***Financial Assets:***

**Initial recognition and measurement:**

Financial assets are recognised when The Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, except for trade receivables which are initially measured at transaction price. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are added to or deducted from the fair value of the financial assets.

**Financial assets are subsequently classified and measured at**

- amortised cost (if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding)

- fair value through profit and loss (FVTPL)

- fair value through other comprehensive income (FVOCI).

**Equity Instruments:**

Investment in subsidiaries are measured at cost less impairment losses, if any.

All investments in equity instruments in scope of Ind AS 109 classified under financial assets are initially measured at fair value.

If the equity investment is not held for trading, The Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Equity Instruments which are held for trading are classified as measured at FVTPL.

Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless The Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

The Company does not have any equity investments designated at FVOCI.

**Derivative financial instruments:**

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks and interest rate risks. Such derivative financial instruments are recorded at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss.

**Derecognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**Impairment of Financial Asset:**

In accordance with Ind AS 109, The Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. Simplified approach does not require The Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. This involves use of provision matrix constructed on the basis of historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

For recognition of impairment loss on other financial assets and risk exposure, The Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

***Financial Liabilities and equity instruments:***

**Classification as debt or equity**

Debt and equity instruments issued by The Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

***Financial liabilities***

**Initial recognition and measurement:**

Financial liabilities are recognised when The Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The fair value of a financial instrument at initial recognition is normally the transaction price. If The Company determines that the fair value at initial recognition differs from the transaction price, difference between the fair value at initial recognition and the transaction price shall be recognized as gain or loss unless it qualifies for recognition as an asset or liability. This normally depends on the relationship between the lender and borrower or the reason for providing the loan. Accordingly in case of interest-free loan from promoters to The Company, the difference between the loan amount and its fair value is treated as an equity contribution to The Company.

In accordance with Ind AS 113, the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss, unless and to the extent capitalised as part of costs of an asset.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**Trade and other payables**

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Off setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.7 Impairment of Non-financial assets**

The carrying amounts of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

**2.8 Borrowing costs**

Borrowing costs comprises interest expense on borrowings calculated using the effective interest method and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time considering project as a whole to get ready for their intended use or sale, are included in the cost of those assets. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

The Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for Capitalisation.

**2.9 Foreign currency transactions**

The financial statements are presented in Indian Rupees (INR), the functional currency of The Company. Items included in the financial statements of The Company are recorded using the currency of the primary economic environment in which The Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Under Previous GAAP, The Company had opted for paragraph 46A of Accounting Standard for 'Effect of Changes in Foreign Exchange Rates' (AS 11) which provided an alternative accounting treatment whereby exchange differences arising on long term foreign currency monetary items relating to depreciable capital asset can be added to or deducted from the cost of the asset and should be depreciated over the balance life of the asset.

Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company has elected to avail this optional exemption. However, the capitalization of exchange differences is not allowed on any new long term foreign currency monetary item recognized from the first Ind AS financial reporting period.

**2.10 Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

***Company as a lessee***

The Company's lease asset classes primarily consist of leases for Land & office building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

– Fixed payments, including in-substance fixed payments;

– Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– Amounts expected to be payable under a residual value guarantee; and

– The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as on adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the statement of profit and loss.

The company presents right-of-use assets and lease liabilities separately in balance sheet.

***Short-term leases and leases of low-value assets***

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and low value leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2.11 Inventories**

Inventories are valued at the lower of cost and net realisable value.

***Costs incurred in bringing each product to its present location and condition, are accounted for as follows:***

- Raw materials, stores and spares: cost includes cost of purchase (viz. the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition and is net of trade discounts, rebates and other similar items) and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving Weighted Average Method.

- Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

- Spare parts, which do not meet the definition of property, plant and equipment are classified as inventory.

- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

**2.12 Employee benefits**

***Short- term employee benefits:***

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, social security contributions, short term compensated absences (paid annual leaves) etc. are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled and are expensed in the period in which the employee renders the related service.

***Post-employment benefits :***

**i) Defined contribution plan**

The defined contribution plan is post employment benefit plan under which The Company contributes fixed contribution to a government administered fund and will have no obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the period in which employee renders the related service.

**ii) Defined benefit plan**

The Company's obligation towards gratuity liability is a "defined benefit" obligation. The present value of the defined benefit obligations is determined on the basis of actuarial valuation using the projected unit credit method. The rate used to discount "defined benefit obligation" is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

The amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the current year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss).

The amount of net interest expense, calculated by applying the liability discount rate to the net defined benefit liability or asset, is charged or credited to 'Finance costs' in the Statement of Profit and Loss.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value of the defined benefit obligation resulting from experience adjustments and effects of changes in actuarial assumptions), the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) and is recognised immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss account in subsequent periods.

***Other long-term employee benefit obligations:***

The liabilities for earned leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit.

**2.13 Share-Based Payments:**

Employees of the Company receive remuneration in the form of share based payments in consideration of the services rendered (equity settled transactions).

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options on the grant date is calculated using an appropriate valuation model.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. An additional expense is recognised for any modification that increases the total fair value of the shares based payments transactions, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. When the options are exercised, the Company issues fresh equity shares.

**2.14 Government Grant:**

Government grants are recognised only when there is reasonable assurance that The Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which The Company recognises as expenses the related costs for which the grants are intended to compensate.

***Accordingly, government grants :***

a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income in profit or loss on a systematic basis over the useful life of the assets.

b) related to an expense item is recognised in the statement of profit and loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed and presented as deduction from the related/ relevant expense.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

**2.15 Non-current assets held for sale and discontinued operations**

Non-current assets (or disposal group) are classified as "held for sale" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for "held for sale" is regarded as met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

If the criteria for held for sale is no longer met, the asset ceases to be classified as held for sale and the asset shall be measured at the lower of :

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and

(b) its recoverable amount at the date of the subsequent decision not to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Property, plant and equipment and intangible assets once classified as "held for sale" are not depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Discontinued operations are excluded from the results of continuing operations and are presented as profit or loss before / after tax from discontinued operations in the statement of profit and loss.

**2.16 Taxation**

Tax expense comprises of current and deferred tax and includes any adjustments related to past periods in current and/or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

***Current income tax:***

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised, either in other comprehensive income or directly in equity, is also recognized in other comprehensive income or in equity, as appropriate and not in the Statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

***Deferred tax:***

Deferred tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**Deferred tax liabilities** are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

**Deferred tax assets** are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses unabsorbed tax depreciation. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

***Uncertain Tax Issue:***

The company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

In determining the approach that predicts the resolution of the uncertainty, the company has considered most likely amount method & expected value method. Company adopted most likely amount method for resolution of the uncertainty of its tax treatment.

The company determined, based on its tax compliance that it is probable that its tax treatment will be accepted by taxation authorities.

### 2.17 Provisions and contingencies

***Provisions:***

Provisions are recognised when The Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where The Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

***Contingencies:***

**Contingent liabilities**

A contingent liability is:

- a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The Company, or
- a present obligation that arises from past events but is not recognised because :

  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed unless the contingency is remote.

**Contingent assets**

A contingent asset is a possible asset 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 Company.

Contingent assets are not recognised but are disclosed when the inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

### 2.18 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Company is engaged in manufacture and trading of synthetic yarn and textiles which is considered as the only reportable business segment. The Company's Chief Operating Decision Maker (CODM) is the Managing Director. He evaluates The Company's performance and allocates resources based on analysis of various performance indicators by geographical areas only.

### 2.19 Related party

A related party is a person or entity that is related to the reporting entity and it includes :

(a) A person or a close member of that person's family if that person:

  (i) has control or joint control over the reporting entity;

  (ii) has significant influence over the reporting entity; or

  (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions apply:

  (i) The entity and the reporting entity are members of the same Group.

  (ii) One entity is an associate or joint venture of the other entity.

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

  (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

(a) that person's children, spouse or domestic partner, brother, sister, father and mother;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Related party transactions and outstanding balances disclosed in the financial statements are in accordance with the above definition as per Ind As 24.

### 2.20 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short term deposits/investments with an original maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value. These exclude bank balances (including deposits) held as margin money or security against borrowings, guarantees etc. being not readily available for use by The Company.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short term deposits and exclude items which are not available for general use as on the date of Balance Sheet, as defined above, net of bank overdrafts which are repayable on demand where they form an integral part of an entity's cash management.

### 2.21 Dividend to equity share holders of the company

The company recognises a liability to make dividend distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate las in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.22 Cash Flow Statement

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method as set out in Ind AS 7 'Statement of Cash Flows', adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and

iii. all other items for which the cash effects are investing or financing cash flows.

### 2.23 Earnings per share

The Basic Earnings per equity share ('EPS') is computed by dividing the net profit or loss after tax before other comprehensive income for the year attributable to the equity shareholders of The Company by weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied (i.e. the events have occurred).

Diluted earnings per equity share are computed by dividing the net profit or loss before OCI attributable to equity holders of The Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares (including options and warrants). The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Anti-dilutive effects are ignored.

### 2.24 Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Where the events are indicative of conditions that arose after the reporting period, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

### 2.25 Research and development expenditure

Expenditure on research and development of products is included under the natural heads of expenditure in the year in which it is incurred except which relate to development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes.

Such costs are capitalized if they can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use or sell the asset. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

### 2.26 Exceptional Items

An item of Income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of The Company is treated as an exceptional item and the same is disclosed in the financial statements.

### 2.27 Corporate Social Responsibility (CSR) expenditure

The Company charges its CSR expenditure during the year to the statement of profit & loss.

### 2.28 New and amended standards

***I Amendments to Ind AS 103 Business Combinations***

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the Standalone Ind financial statements of the Company but may impact future periods should the Company enter into any business combinations.

***II Amendments to Ind AS 1 and Ind AS 8: Definition of Material***

The amendments provide a new definition of material clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.These amendments had no impact on the Standalone Ind AS financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020.

**2.29 Recent pronouncements : Schedule III of the Companies Act, 2013**

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

***Balance Sheet:***

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Where any charges or satisfaction are yet to be registered with the Registrar of Companies beyond the statutory period, details and reasons thereof shall be disclosed.
- Under the heading Short Term Borrowing entries relating thereto ""current maturities of Long-term borrowings shall be disclosed separately.
- Various ratios needs to be disclosed and the company shall explain the items included in numerator and denominator for computing the ratios. Further explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

***Statement of profit and loss:***

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

## 3. PROPERTY, PLANT AND EQUIPMENTS

₹ in lakhs

| Particulars | Land | | Building | Lease Hold Improvements | Plant & Machinery [refer note (i) and (ii) below | Furniture & Fittings | Vehicles | Office Equipment's | Computer | Total Property, Plant and Equipment's | Capital Work in Progress | | Total Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Free Hold | Lease Hold | | | | | | | | | Building | Plant & Machinery | |
| **Gross Carrying Value as at April 01, 2019** | **3,239.74** | **3,950.00** | **13,136.64** | **88.84** | **81,648.05** | **256.32** | **474.30** | **161.64** | **169.92** | **1,03,125.45** | **1,054.49** | **6,092.82** | **7,147.31** |
| Additions | - | - | 3,108.02 | - | 24,353.49 | 36.27 | 152.51 | 17.00 | 36.44 | 27,703.73 | 393.30 | 2,116.83 | 2,510.13 |
| Reclassified on account of adoption of IndAS- 116 | - | (3,950.00) | - | - | - | - | - | - | - | (3,950.00) | - | - | - |
| Sales/Adjustments | - | - | - | - | (8.00) | - | (34.43) | - | - | (42.43) | (1,054.49) | (6,092.82) | (7,147.31) |
| **Gross Carrying Value as at March 31, 2020** | **3,239.74** | **-** | **16,244.66** | **88.84** | **1,05,993.54** | **292.59** | **592.38** | **178.64** | **206.36** | **1,26,836.75** | **393.30** | **2,116.83** | **2,510.13** |
| Additions | 59.21 | - | 981.98 | - | 3,228.63 | 24.81 | 66.19 | 39.17 | 34.82 | 4,434.81 | 1,189.66 | 9,850.28 | 11,039.94 |
| Sales/Adjustments | - | - | - | - | (38.22) | - | (67.06) | - | (3.94) | (109.22) | (293.53) | (242.71) | (536.24) |
| Reclassification to assets held for sale | (492.31) | - | (264.84) | - | - | - | - | - | - | (757.15) | - | - | - |
| **Gross Carrying Value as at March 31, 2021** | **2,806.64** | **-** | **16,961.80** | **88.84** | **1,09,183.95** | **317.40** | **591.51** | **217.81** | **237.24** | **1,30,405.19** | **1,289.43** | **11,724.40** | **13,013.83** |

₹ in lakhs

| Particulars | Land | | Building | Lease Hold Improvements | Plant & Machinery [refer note (i) and (ii) below | Furniture & Fittings | Vehicles | Office Equipment's | Computer | Total Property, Plant and Equipment's | Capital Work in Progress | | Total Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Free Hold | Lease Hold | | | | | | | | | Building | Plant & Machinery | |
| **Accumulated Depreciation as at April 01, 2019** | **-** | **66.90** | **1,194.29** | **23.05** | **8,661.31** | **86.49** | **146.55** | **80.18** | **78.87** | **10,337.64** | **-** | **-** | **-** |
| Depreciation Expenses | - | - | 555.80 | 8.48 | 4,321.94 | 28.94 | 72.95 | 26.67 | 40.73 | 5,055.51 | - | - | - |
| Reclassified on account of adoption of IndAS- 116 | | (66.90) | - | - | - | - | - | - | - | (66.90) | - | - | - |
| Deductions/Adjustments | - | - | - | - | (0.23) | - | (18.40) | - | - | (18.63) | - | - | - |
| **Accumulated Depreciation as at March 31, 2020** | **-** | **-** | **1,750.09** | **31.53** | **12,983.02** | **115.43** | **201.10** | **106.85** | **119.60** | **15,307.62** | **-** | **-** | **-** |
| Depreciation Expenses | - | - | 633.62 * | 8.46 | 4,968.46 | 37.85 | 68.79 | 19.49 | 43.71 | 5,780.38 | - | - | - |
| Deductions/Adjustments | - | - | - | - | (16.61) | - | (58.57) | - | (3.02) | (78.20) | - | - | - |
| Reclassification to assets held for sale | - | | (41.71) | - | - | - | - | - | | (41.71) | | | |
| **Accumulated Depreciation as at March 31, 2021** | **-** | **-** | **2,342.00** | **39.99** | **17,934.87** | **153.28** | **211.32** | **126.34** | **160.29** | **20,968.09** | **-** | **-** | **-** |
| Net Carrying Value as at March 31, 2020 | 3,239.74 | - | 14,494.57 | 57.31 | 93,010.52 | 177.16 | 391.28 | 71.79 | 86.76 | 1,11,529.13 | 393.30 | 2,116.83 | 2,510.13 |
| Net Carrying Value as at March 31, 2021 | 2,806.64 | - | 14,619.80 | 48.85 | 91,249.08 | 164.12 | 380.19 | 91.47 | 76.95 | 1,09,437.10 | 1,289.43 | 11,724.40 | 13,013.83 |

* Includes ₹ 10.53 Lakhs on reclassification to assets held for sale

i) Foreign Exchange differences on long term foreign currency loans( as permitted by para. D13AA of Ind AS 101) aggregating Loss of ₹ 159.33 Lakhs (Previous year loss ₹ 289.37 Lakhs) capitalised/ decapitalised during the year. The accumulated foreign exchange fluctuation capitalised is ₹ 5,179.43 Lakhs (Upto Previous year ₹ 5,020.10 lakhs).

ii) Expenditure incurred during construction period ₹ Nil (previous year ₹ 1,400.75 Lakhs) and borrowing cost ₹ 29.47 Lakhs (previous year ₹ 728.58 Lakhs ) has been capitalised. (Refer note 56)

iii) Capital work-in-progress includes expenditure incurred during construction period pending allocation aggregating ₹ 555.56 Lakhs ( P.Y. ₹ 73.59 Lakhs) and borrowing cost ₹ 633.78 Lakhs (P.Y. ₹ 79.65 Lakhs) (Refer note 56)

iv) Charge has been created against the aforesaid assets for the borrowings taken by the Company. (Refer note 21 and 27)

## 4. RIGHT OF USE ASSETS

(₹ in lakhs)

| Particulars | Land | Building* | Total |
|---|---|---|---|
| **Gross Carrying value as at April 01, 2019** | **-** | **-** | **-** |
| Reclassification/Impact on account of adoption of IndAS- 116 | 3,883.10 | 323.30 | 4,206.40 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **Gross Carrying Value as at March 31, 2020** | **3,883.10** | **323.30** | **4,206.40** |
| Additions | - | - | - |
| Disposals | - | - | - |
| Changes due to modification in lease | - | (121.93) | (121.93) |
| **Gross Carrying Value as at March 31, 2021** | **3,883.10** | **201.37** | **4,084.47** |

₹ in lakhs

| Particulars | Land | Building* | Total |
|---|---|---|---|
| **Accumulated Depreciation as at April 01, 2019** | **-** | **-** | **-** |
| Depreciation Expenses | 19.58 | 44.59 | 64.17 |
| Disposals | - | - | - |
| **Accumulated Depreciation as at March 31, 2020** | **19.58** | **44.59** | **64.17** |
| Depreciation Expenses | 17.83 | 25.08 | 42.91 |
| Disposals | - | | - |
| **Accumulated Depreciation as at March 31, 2021** | **37.41** | **69.67** | **107.08** |
| Net Carrying Value as at March 31, 2020 | 3,863.52 | 278.71 | 4,142.23 |
| Net Carrying Value as at March 31, 2021 | 3,845.69 | 131.70 | 3,977.39 |

*Also refer note no. 49 of Leases

## 5. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

| Particulars | Intangible Assets (Computer Software) | Intangible Assets under Development |
|---|---|---|
| **Gross Carrying value as at April 01, 2019** | **56.74** | **60.70** |
| Additions | 69.98 | - |
| Disposals/ Capitalised | - | (60.70) |
| **Gross Carrying Value as at March 31, 2020** | **126.72** | **-** |
| Additions | 25.56 | - |
| Disposals/ Capitalised | - | - |
| **Gross Carrying Value as at March 31, 2021** | **152.28** | **-** |

(₹ in lakhs)

| Particulars | Intangible Assets (Computer Software) | Intangible Assets under Development |
|---|---|---|
| **Accumulated Depreciation as at April 01, 2019** | **51.72** | **-** |
| Depreciation Expenses | 6.87 | - |
| Disposals | - | - |
| **Accumulated Depreciation as at March 31, 2020** | **58.59** | **-** |
| Depreciation Expenses | 12.72 | |
| Disposals | - | |
| **Accumulated Depreciation as at March 31, 2021** | **71.31** | **-** |
| Net Carrying Value as at March 31, 2020 | 68.13 | - |
| Net Carrying Value as at March 31, 2021 | 80.97 | - |

## 6 NON- CURRENT INVESTMENTS

(₹ in lakhs)

| Particulars | Face value per share | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|---|
| | | No. of Shares | Value | No. of Shares | Value |
| **Investments in equity shares** | | | | | |
| **In Others (Unquoted) fully paid at fair value through profit or loss (FVTPL)** | | | | | |
| Bhadreshwar Vidyut Private Limited (Shares kept with Park Energy Private Limited, an escrow agent) | 0.19 | 23,90,000 | 4.54 | 16,82,000 | 3.28 |
| **Total** | | | **4.54** | | **3.28** |
| Aggregate amount of quoted investments | | | - | | - |
| Market value of quoted investments | | | - | | - |
| Aggregate amount of unquoted investments | | | 4.54 | | 3.28 |
| Aggregate amount of impairment in value of Investments | | | - | | - |
| Investment Carried at Fair Value through Profit & Loss | | | 4.54 | | 3.28 |
| Investment Carried at Fair Value through Other comprehensive Income | | | - | | - |
| Investment Carried at Amortised Cost | | | - | | - |

## 7 NON-CURRENT FINANCIAL ASSETS - LOANS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Security Deposits | 57.73 | 59.09 |
| **Total** | **57.73** | **59.09** |

## 8 NON CURRENT OTHER FINANCIAL ASSETS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Interest Receivable | 0.99 | - |
| Deposits with banks remaining maturity of more than 12 months (refer note 14) | 51.96 | - |
| Derivative Financial Assets (Foreign currency forward contracts) | - | 470.00 |
| **Total** | **52.95** | **470.00** |

## 9 INCOME TAX ASSETS (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Income tax recoverable (net of provisions) | 92.32 | 37.67 |
| **Total** | **92.32** | **37.67** |

## 10 OTHER NON-CURRENT ASSETS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Capital Advances | 717.46 | 2,815.78 |
| Deposit with excise/sales tax department under protest | 19.18 | 19.27 |
| Prepaid expenses | 11.44 | 43.93 |
| **Total** | **748.08** | **2,878.98** |

## 11 INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Raw Materials (includes Inventory in Transit ₹ 2,870.91 Lakhs, previous year ₹ 558.03 Lakhs) | 8,300.27 | 2,589.74 |
| Work In Progress | 787.83 | 807.55 |
| Finished Goods (Including goods sold in transit ₹ 194.14 Lakhs, previous year ₹ 107.33 Lakhs) | 13,806.34 | 11,375.30 |
| Packing Material | 1,393.08 | 1,282.14 |
| Stores, Spares & Consumables | 1,154.30 | 1,118.88 |
| **Total** | **25,441.82** | **17,173.61** |

During the year ₹ 22.56 Lakhs (Previous year ₹ 634.36 Lakhs) was recognised as an expense for inventories carried at net realisable value.

Inventories have been pledged as security for borrowings, refer note 21 and note 27 for details

## 12 TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade receivables considered good- Secured | - | - |
| Trade receivables considered good- Unsecured | 12,163.89 | 11,864.50 |
| Trade receivables which have significant Increase in Credit risk | - | - |
| Trade receivables- Credit impaired | 79.54 | 431.51 |
| | **12,243.43** | **12,296.01** |
| Less: Allowance for doubtful trade receivables | 79.54 | 431.51 |
| **Total** | **12,163.89** | **11,864.50** |

There are no trade or other receivables which are due from directors or other officers of the Company either severally or jointly with any other person. Also, there are no trade or other receivables which are due from firms or private companies, in which any director is a partner, a director or a member.

Trade Receivables have been pledged as security for borrowings, refer note 21 and note 27 for details

## 13 CASH AND CASH EQUIVALENTS

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with Banks * | 1,142.71 | 301.74 |
| Cash on hand | 10.08 | 10.74 |
| **Total** | **1,152.79** | **312.48** |

* Includes ₹ 58.05 Lakhs (previous year 126.48 Lakhs) that are not available for use by the Company as they represent Share application money including tax received against ESOS.

## 14 BANK BALANCES (OTHER THAN CASH AND CASH EQUIVALENT)

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Other Bank balances :-** | | |
| Deposits with original maturity of less than 3 months * | 111.36 | - |
| Deposits with original maturity for more than 3 months but upto 12 months * | 2,344.89 | 1,836.49 |
| Deposits with original maturity of more than 12 months * | 51.96 | 28.36 |
| **Total** | **2,508.21** | **1,864.85** |
| Less : Amount disclosed under non current financial assets (refer note 8) | 51.96 | - |
| **Total** | **2,456.25** | **1,864.85** |

* Deposits are in the nature of Margin Money pledged with banks against Bank Guarantee's given/Letter of Credit's established by the bank

## 15 CURRENT FINANCIAL ASSETS - LOANS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advances to employees | 42.40 | 156.69 |
| **Total** | **42.40** | **156.69** |

## 16 OTHER CURRENT FINANCIAL ASSETS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Insurance claims receivable | 40.41 | 35.32 |
| Interest Receivable - On FDR | 28.24 | 41.69 |
| Interest Subsidy Receivable | 1,016.10 | 1,523.85 |
| Derivative Financial Assets (Foreign currency forward contracts) | - | 92.30 |
| **Total** | **1,084.75** | **1,693.16** |

## 17 OTHER CURRENT ASSETS

**(Unsecured, considered good unless otherwise stated)**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advance to suppliers | 1,254.93 | 867.92 |
| Deposit with related parties (refer note 48) | 15.60 | 15.60 |
| GST Refund claim with statutory authority | 1,139.36 | 985.56 |
| Balance with the statutory/ Government authorities | 6,821.05 | 4,266.03 |
| Export Incentive Receivable | 43.98 | 45.51 |
| Electricity Duty Refundable | 449.35 | 895.86 |
| Prepaid expenses | 338.93 | 283.52 |
| Income Tax asset (net of provision) | 36.71 | - |
| Others | 13.24 | 18.69 |
| **Total** | **10,113.15** | **7,378.69** |

## 18 ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Lands | 492.31 | - |
| Buildings | 223.13 | - |
| **Total** | **715.44** | **-** |

**Land and Building at Nani Tambadi**

The Company had acquired Land at Nani Tambadi for setting up of Multi Filament Yarns facility with continuous polymerisation plant. Due to problems created by local villagers and undue delay in statutory clearances, the project had to be shifted to Dahej, Gujarat. Consequent to this the Company has decided to sell the said land and building constructed thereon during the year. The Company had entered into an agreement to sell the land & building and had received advance. The closure of the deal is likely to completed in FY 2021-22 on completion of conditions of sale agreement.

## 19 EQUITY SHARE CAPITAL

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorised** | | |
| 30,00,00,000 Equity Shares of ₹ 2/- each<br>(31st March 2020: 30,00,00,000 equity shares of ₹ 2/- each) | 6,000.00 | 6,000.00 |
| **Total** | **6,000.00** | **6,000.00** |
| **Issued, subscribed and fully paid-up shares** | | |
| 22,08,18,000 Equity Shares of ₹ 2/- each fully paid<br>(31st March 2020 : 21,96,85,000 equity shares of ₹ 2/- each fully paid) | 4,416.36 | 4,393.70 |
| **Total** | **4,416.36** | **4,393.70** |

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

***Equity shares***

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No of Shares | ₹ In Lakhs | No of Shares | ₹ In Lakhs |
| At the beginning of the Period | 21,96,85,000 | 4,393.70 | 21,75,00,000 | 4,350.00 |
| Add : Shares issued during the Period under ESOP | 11,33,000 | 22.66 | 21,85,000 | 43.70 |
| **Outstanding at the end of the year** | **22,08,18,000** | **4,416.36** | **21,96,85,000** | **4,393.70** |

**b. Terms / rights attached to equity shares**

1. The Company has only one class of equity shares having a par value of ₹ 2/- per share (previous year ₹ 2/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

2. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shareholders holding more than 5% shares in the Company**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| **Equity shares of ₹ 2/- each fully paid up (Previous year ₹ 2/- each fully paid up)** | | | | |
| Madhu Sudhan Bhageria | 1,93,11,799 | 8.75% | 1,93,11,799 | 8.79% |
| Purrshottam Bhaggeria | 2,17,36,798 | 9.84% | 2,17,36,798 | 9.89% |
| Madhav Bhageria | 2,19,24,798 | 9.93% | 2,19,24,798 | 9.98% |
| Azimuth Investments Ltd. | 1,73,49,082 | 7.86% | 1,69,22,150 | 7.70% |
| Janus Infrastructure Projects Private Limited | 1,40,21,035 | 6.35% | 1,40,21,035 | 6.38% |
| Nouvelle Securities Private Limited | 1,14,18,450 | 5.17% | 1,09,38,450 | 4.98% |

As per records of the Company including its register of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares.

**d. Shares reserved for issue under Options:**

For details of shares reserved for issue under the Employee Stock option Scheme (ESOS) of the company, (refer note 52)

**e. Shares held by holding company or its subsidiaries/their Associates**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| No. of Shares | Nil | Nil |

## 20 OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Capital Reserve | 1,253.11 | 1,253.11 |
| Capital Redemption Reserve | 1,250.00 | 1,250.00 |
| Securities Premium | 9,913.47 | 9,852.29 |
| General Reserve | 418.85 | 396.06 |
| Employee Stock Option Outstanding | 185.95 | 125.63 |
| Retained Earnings [Surplus/(deficit)] | 58,689.93 | 42,106.61 |
| **Total Reserve and Surplus** | **71,711.31** | **54,983.70** |
| **Share Application Money received against Filatex ESOS 2015* scheme *** | 58.05 | 79.53 |
| **Other Comprehensive Income (OCI)** | 60.88 | 31.42 |
| **Total** | **71,830.24** | **55,094.65** |

* Amount includes ₹ 4.81 lakhs (previous year 10.73 lakhs) received from KMP's (refer note 48).

**Nature and Purpose of Reserves**

***a) Capital Reserve***

Capital Reserve was created under the previous GAAP on account of Capital profit in settlement with IDBI Bank and on redemption of certain preference shares.

***b) Capital Redemption Reserve***

Capital Redemption Reserve was created on redemption of Preference shares out of the profits of the Company in accordance with the requirements of Companies Act.

***c) Securities Premium***

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. This can be utilized in accordance with the provisions of the Companies Act, 2013.

***d) General Reserve***

This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized by the Company in accordance with the provisions of the Companies Act, 2013.

***e) Employee Stock Option Outstanding***

The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

***f) Retained Earnings***

Retained earnings are the profits that the Company has earned till date, less any transfer to General Reserve, dividends or other distributions paid to the shareholders.

## 21 NON CURRENT BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| Secured | | | | |
| From Banks | | | | |
| (i) Term Loans | | | | |
| - Rupee loans | 13,736.59 | | 20,619.11 | |
| - Foreign currency loans | 17,571.05 | | 11,474.82 | |
| - External Commercial Borrowing (ECB) | 22,333.42 | | 25,494.88 | |
| (ii) Vehicle Loans | 41.15 | | 216.36 | |
| **Total** | **53,682.21** | | **57,805.17** | |
| Less : Current maturity (refer note 30) | 3,740.43 | | 4,747.17 | |
| **Net Long Term Borrowings (Banks)** | | **49,941.78** | | **53,058.00** |
| (iii) Buyers credit for capital goods | | - | | 1,601.80 |
| (iv) From a non banking financial institution | | | | |
| - Term Loan | | - | 748.60 | |
| Less : Current maturity (refer note 30) | | - | 81.63 | |
| **Net Long Term Borrowings (NBFC)** | | **-** | | **666.97** |
| **Total Secured Borrowings** | | **49,941.78** | | **55,326.77** |

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured** | | |
| (v) From body corporates* | 3,658.00 | 5,818.00 |
| **Total Unsecured Borrowings** | **3,658.00** | **5,818.00** |
| **Total** | **53,599.78** | **61,144.77** |

* Includes ₹ Nil [previous year ₹ 900 Lakhs due to related parties (refer note 48)]

**I. Term loans**

***a) From banks under consortium arrangement*** ₹ 31,307.64 Lakhs (net of transaction cost of ₹ 255.21 Lakhs) [previous Year ₹ 32,093.93 Lakhs (net of transaction cost of ₹ 293.76 lakhs)], are secured by equitable mortgage created/extended by way of deposit of title deeds on pari passu basis in respect of immovable properties and first charge by way of hypothecation of company's all movable assets (save & except vehicles, plant & machinery and equipment acquired through specific loans), pledge of 4,87,41,500 equity shares of the face value of ₹ 2/- each of the Company held by the promoters, mortgage of an immovable property owned by SMC Yarns Pvt Ltd (related party) to the extent of the value of the property, personal guarantees of the promoter directors and a fixed deposit of ₹ 350 Lakhs pledged with Union Bank of India on behalf of the Consortium banks along with corporate guarantee of SMC Yarns Pvt Ltd (related party). These loans are further secured by second pari passu charge by way of hypothecation of inventory of raw material, finished goods, semi-finished goods, stores & spares, book debts and other receivables (both present and future)

Rupee loan bear floating interest rate ranging from MCLR plus 1.40% to 2.00% p.a. while Foreign Currency Term Loan (FCTL) bear interest rate of 6 /12 Months Libor + 2.00% to 2.75% p.a. The loans are repayable in ballooning quarterly installments.

As per the sanction letter the company was to convert unsecured loans of ₹ 3,175 lakhs into equity in FY 2020-21 and the balance amount of ₹ 3,520 lakhs to be retained in the system till the currency of the bank loan. The company has made an application for modification of the conditions and the same has been modified by two of the consortium banks including the lead bank. The matter is under active consideration by the third consortium member bank.

***b) External Commercial Borrowings (ECB) From Foreign Consortium Banks***

**(i)** ₹ 3,014.98 Lakhs (net of transaction cost ₹ 85.50 Lakhs) [previous Year ₹ 4,344.95 Lakhs (net of transaction cost ₹ 146.62 Lakhs)], are secured by first priority exclusive charge over Fully Drawn Yarn spinning machinery and equipment's thereof and personal guarantee of promoter directors. The loan is repayable in 16 half yearly equal installments that commenced from December 2016 and bear Interest at 6M Euribor + 1.55% p.a.

**(ii)** ₹ 13,438.58 Lakhs (net of transaction cost ₹ 763.22 Lakhs) [previous Year ₹ 14,666.55 Lakhs (net of transaction cost ₹ 990.84 Lakhs)], are secured by first priority exclusive charge over Fully Drawn Yarn spinning machinery and equipment's thereof and personal guarantee of promoter directors. The loan is repayable in 20 half yearly equal installments that commenced from September 2018 and bear Interest at 6M Euribor + 1.10% p.a.

**(iii)** ₹ 5,879.86 Lakhs (net of transaction cost ₹ 274.30 Lakhs) [previous Year ₹ 6,483.38 Lakhs (net of transaction cost ₹ 366.07Lakhs)], are secured by first priority exclusive charge over Partial Oriented Yarn spinning machinery and equipment's thereof and personal guarantee of promoter directors. The loan is repayable in 16 half yearly equal installments that commenced from December 2019 and bear Interest at 6M Euribor + 0.80% p.a.

**II. Vehicle loans -** are secured by hypothecation of specific vehicles acquired out of proceeds of the Loans. The said loans carry interest rate which varies from 8.25% to 11.50% p.a and repayable in 36- 60 Equated Monthly installments till February 2023

**III. Unsecured Loans -** From body corporates carrying interest @ 9% p.a. and are payable within 36 months from the date of receipt.

## 22 NON CURRENT LEASE LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Lease Liability (refer note 49) | 186.97 | 323.06 |
| **Total** | **186.97** | **323.06** |

## 23 NON CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Dealer's Deposits | 224.50 | 117.23 |
| Derivative Financial Liabilities (Foreign currency forward contracts) | 172.26 | - |
| **Total** | **396.76** | **117.23** |

## 24 NON CURRENT PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Provision for Gratuity^ (refer note 50) | 509.68 | 472.51 |
| Provision for Leave Encashment* | 266.63 | 251.83 |
| **Total** | **776.31** | **724.34** |

^ Includes an amount of ₹ 2.43 Lakhs (previous year ₹ 2.84 Lakhs) due to related party (refer note 48).
* Includes an amount of ₹ 1.06 Lakhs (previous year ₹ 3.40 Lakhs) due to related party (refer note 48).

## 25 DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **A. Components of Income Tax Expense** | | |
| **I. Tax expense recognised to Statement of Profit & Loss** | | |
| **a) Current Tax :** | | |
| - Current year | 7,008.70 | 2,129.18 |
| - Adjustment/(credits) related to previous years (net)* | (870.62) | - |
| **Total (a)** | **6,138.08** | **2,129.18** |
| **b) Deferred Tax** | | |
| - Relating to origination and reversal of Temporary differences | 858.14 | (1,195.45) |
| - Adjustment/(credits) related to previous years (net) * | 383.52 | - |
| - Minimum Alternate Tax (MAT) credit entitlement | - | (882.07) |
| **Total (b)** | **1,241.66** | **(2,077.52)** |
| **Income tax expense reported in the Statement of Profit & Loss (a+b)** | **7,379.74** | **51.66** |
| **II. Tax on other comprehensive income** | | |
| **Deferred Tax** | | |
| - (Gain)/loss on remeasurement of net defined benefit plans | 9.91 | 0.53 |
| **Total** | **9.91** | **0.53** |
| **B. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate** | | |
| Accounting Profit before income tax | 23,963.06 | 12,198.70 |
| India's statutory Income tax rate (%) | 34.944% | 34.944% |
| Tax on accounting profit at above rate | 8,373.65 | 4,262.71 |
| Adjustments in respect of Income tax of Previous years | (487.10) | - |
| **Non-deductible/(deductible) expenses for Tax purposes** | | |
| - CSR expenditure | 41.95 | 35.79 |
| - Depreciation on leasehold land | 1.03 | 6.84 |
| - Employee share based payment expense | 29.04 | 16.69 |
| - Reversal of Deferred tax liability on Fair valuation of land | - | (4.17) |
| - Earlier year MAT credit adjustment | - | 0.60 |
| - Effect of deferred tax balances due to the changes in Income tax rate | | |
| - Opening Balance of Deferred tax Liability | - | (3,470.07) |
| - Effect on transaction during the year | (486.15) | (784.26) |
| - Other non-deductible expenses | (92.68) | (12.47) |
| **Income tax expense reported in the statement of Profit & Loss** | **7,379.74** | **51.66** |

* Represents adjustment on account of certain claims/allowances made in revised income tax returns based on judicial pronouncements/ interpretation and management assessment.

Current tax liability is netted off ₹ 115.05 Lakhs on account of claim of certain items of expenses/income based on judicial pronouncement/interpretation which are subject to final assessment by tax authorities.

The tax rate used for calculating deferred tax is 25.168 % payable by corporate entities in India on taxable profits under the Indian tax law.

The Indian Companies have to pay taxes based on the higher of Income-tax profit of the Company or MAT.

During FY 2019-20, the Company had evaluated the option of lower tax rates allowed under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, considering the MAT credit available, there is no impact on the provision for Income tax for the year ended March 31, 2020 and March 31, 2021. The Company expects to utilise the deferred tax balances over subsequent periods which have accordingly been re-measured using the tax rate expected to be prevalent in the period in which the deferred tax balances are expected to reverse. Consequently, during the year ended March 31, 2020 the company had reversed deferred tax liability (net) amounting to ₹ 3,470.07 Lakhs.

### C. Movement in Deferred Tax Assets and Liabilities

(₹ in lakhs)

| Particulars | As at April 01, 2019 | Effect of Ind as 116 as on 01.04.2019 | Charge/ (Credit) in the statement of Profit and Loss | Charge/ (Credit) in other Comprehensive income | As at March 31, 2020 | Charge/ (Credit) in the statement of Profit and Loss | MAT Credit Utilised | Charge/ (Credit) in other Comprehensive income | As at March 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **a) Deferred tax liabilities** | | | | | | | | | |
| - On property, plant and equipments | 13,472.15 | | (1,474.80) | - | 11,997.35 | 988.92 | - | - | 12,986.27 |
| - On fair value gain/(loss) on Property, Plant & Equipment | 1,312.35 | | (227.32) | - | 1,085.03 | (3.74) | - | - | 1,081.29 |
| - Interest Subsidy Deferred | - | - | | - | - | 255.73 | - | - | 255.73 |
| - Right to use asset | - | 112.97 | (42.83) | - | 70.14 | (37.00) | - | - | 33.14 |
| **Total deferred tax liabilities** | **14,784.50** | **112.97** | **(1,744.95)** | **-** | **13,152.52** | **1,203.91** | **-** | **-** | **14,356.43** |
| **b) Deferred tax assets** | | | | | | | | | |
| - On Provision for Doubtful Debts and advances | 144.87 | | (36.27) | - | 108.60 | (88.58) | - | - | 20.02 |
| - Lease liability | | 136.48 | (45.99) | - | 90.49 | (36.76) | - | - | 53.73 |
| - On provision for compensated absences (Bonus & Leave encashment) | 189.91 | | (8.70) | - | 181.21 | (22.29) | - | - | 158.92 |
| - On Gratuity and other Employee Benefits | 200.69 | | (34.04) | - | 166.65 | 18.04 | - | - | 184.69 |
| - On exchange variation on capital goods charged to P&L | (158.54) | | 421.47 | | 262.93 | 112.93 | - | - | 375.86 |
| - On unabsorbed depreciation | 772.27 | | (772.27) | | - | - | - | - | - |
| - On deferred Income | 685.45 | | (74.23) | | 611.22 | (31.00) | - | - | 580.22 |
| **Total deferred tax assets before MAT credit entitlement** | **1,834.65** | **136.48** | **(550.03)** | **-** | **1,421.10** | **(47.66)** | **-** | **-** | **1,373.44** |
| Total deferred tax liabilities (Net) before MAT credit entitlement | 12,949.85 | (23.51) | (1,194.92) | - | 11,731.42 | 1,251.57 | - | - | 12,982.99 |
| Less: MAT Credit entitlement | 7,067.58 | - | 881.47 | - | 7,949.05 | - | (2,141.39) | - | 5,807.66 |
| Total deferred tax liabilities (Net) | 5,882.27 | (23.51) | (2,076.39) | - | 3,782.37 | 1,251.57 | 2,141.39 | - | 7,175.33 |

**D.** Unabsorbed tax depreciation can be claimed for an infinite period.

## 26 NON CURRENT OTHER LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Deferred Income- Govt. Grant (refer note 51(a)) | 2,475.35 | 2,603.99 |
| **Total** | **2,475.35** | **2,603.99** |

## 27 CURRENT BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **From Banks (Secured)** | | |
| **(i) Working Capital :** | | |
| - Rupee loans | 1,268.94 | 3,634.65 |
| - Foreign currency loans | - | 2,118.18 |
| **Total** | **1,268.94** | **5,752.83** |

I. Working capital loans from consortium member banks are secured by first charge by way of hypothecation of inventory of raw materials, finished goods, semi finished goods, stores and spares, book debts and other receivables (both present and future) on pari passu basis and are further secured by way of second charge on block of fixed assets of the Company (save & except vehicles and plant & machinery acquired out of specific loan(s)). These facilities are further secured by pledge of 4,87,41,500 equity shares of the face value of ₹ 2/- each of the Company held by promoter, equitable mortgage of an immovable property owned by SMC Yarns Pvt Ltd (related party) to the extent of the value of the property and personal guarantees of promoter directors and a fixed deposit of ₹ 350 lakhs pledged with Union Bank of India on behalf of the Consortium Banks along with corporate guarantee of SMC Yarns Pvt Ltd (related party) on pari passu basis. These loans are repayable on demand. Rupee working capital loan carry an interest at MCLR plus 1.40% to 1.50% p.a.

## 28 CURRENT LEASE LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Lease Liability (refer note 49) | 26.53 | 36.49 |
| **Total** | **26.53** | **36.49** |

## 29 TRADE PAYABLES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Trade payable** | | |
| Dues of other than micro, small & medium enterprises | | |
| - Acceptances- Foreign | 4,892.70 | 1,306.62 |
| - Others | 21,652.85 | 17,273.91 |
| Dues of micro, small & medium enterprises (refer note 46) | 878.61 | 22.69 |
| **Total** | **27,424.16** | **18,603.22** |

## 30 CURRENT OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Current maturity of long term borrowings (refer note 21)** | | |
| **From Banks (secured)** | | |
| (i) Term Loans | | |
| - Rupee loans | 540.65 | 1,177.64 |
| - External Commercial Borrowings | 3,174.77 | 3,492.02 |
| (ii) Vehicle Loans | 25.01 | 77.51 |
| **From a Non Banking Financial Institution (secured)** | | |
| - Rupee loans | - | 81.63 |

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Interest accrued ^ | 213.68 | 431.07 |
| Security Deposit | 58.78 | 110.80 |
| Expenses payable # | 2,860.31 | 1,639.76 |
| Capital Creditors | 586.00 | 455.75 |
| Payable other than trade * | 1,932.53 | 561.08 |
| **Total** | **9,391.73** | **8,027.26** |

^ Includes ₹ Nil (previous year ₹ 9.95 Lakhs) due to related party (refer note 48).
# Amount includes ₹ 162.76 lakhs (previous year ₹ 89.34 lakhs) payable to KMP's (refer note 48).
* Amount Includes ₹ Nil (previous year 1.08 lakhs) due to related party and ₹ 1.56 Lakhs (previous year Nil) received from KMP's on account of Tax payment on ESOS (refer note 48).

## 31 OTHER CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advance from customers | 136.04 | 442.16 |
| Deferred Income- Govt. grant (refer note 51(a)) | 124.87 | 121.10 |
| Custom Duty payable against export obligation | 129.45 | 414.66 |
| Dues to statutory authorities | 329.49 | 216.53 |
| **Total** | **719.85** | **1,194.45** |

## 32 CURRENT PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Provision for Gratuity (refer note 50) | 224.10 | 189.60 |
| Provision for Leave Encashment | 126.99 | 122.13 |
| **Total** | **351.09** | **311.73** |

## 33 INCOME TAX LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Provision for tax (net of advance tax) | - | 32.53 |
| **Total** | **-** | **32.53** |

## 34 LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Advance received against asset held for sale | 596.00 | - |
| **Total** | **596.00** | **-** |

## 35 REVENUE FROM OPERATIONS

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Revenue from Contracts with Customers** | | |
| Sale of products | 2,18,189.85 | 2,73,738.17 |
| Sale of traded goods | 4,007.48 | 3,860.04 |
| Other operating revenue | 517.96 | 608.68 |
| **Total** | **2,22,715.29** | **2,78,206.89** |

**Other operating revenue comprising the following :**

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Other operating revenue** | | |
| Sales of scrap | 470.01 | 436.44 |
| Export incentives earned | 47.95 | 172.24 |
| **Total** | **517.96** | **608.68** |

**Reconciliation of Gross Revenue with the Revenue from contracts with customers**

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Revenue as per Contract Price | 2,24,603.23 | 2,80,132.34 |
| Less :- Discounts & Rebates | 1,887.94 | 1,925.45 |
| **Net Revenue recognised from contracts with customers** | **2,22,715.29** | **2,78,206.89** |

## 36 OTHER INCOME

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Interest Income on** | | |
| **a) Financial assets held at amortised cost** | | |
| Fixed deposits with banks | 130.24 | 164.12 |
| Others | 116.18 | 239.05 |
| **b) Others** | | |
| Interest on Income Tax refund | 0.20 | - |
| **Dividend Income** | | |
| Dividend on current investment in mutual funds | 138.69 | 52.09 |
| **Other non-operating Income** | | |
| Net gain on sale of property, plant and equipment [Net of loss of ₹ 5.28 Lakhs (previous year ₹ Nil )] | 17.34 | - |
| Net gain on foreign currency transaction and translation | 334.08 | 441.83 |
| Government Grant (Refer note 51(a)) | 124.87 | 105.94 |
| Insurance claim | - | 3.96 |
| Miscellaneous Income | 21.20 | 218.77 |
| Sundry balances written back | 62.65 | 16.30 |
| **Total** | **945.45** | **1,242.06** |

## 37 COST OF MATERIALS CONSUMED

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Raw Material | 1,46,656.96 | 2,11,673.77 |
| Packing Material | 8,644.39 | 9,031.27 |
| Consumables | 1,312.35 | 1,084.91 |
| **Total** | **1,56,613.70** | **2,21,789.95** |

## 38 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Closing stock** | | |
| - Finished goods | 13,806.34 | 11,375.30 |
| - Work- In- Progress | 787.83 | 807.55 |
| **Total** | **14,594.17** | **12,182.85** |
| **Opening stock** | | |
| - Finished goods | 11,375.30 | 6,883.72 |
| - Work- In- Progress | 807.55 | 1,138.94 |
| **Total** | **12,182.85** | **8,022.66** |
| - Total (increase)/decrease | **(2,411.32)** | **(4,160.19)** |

## 39 EMPLOYEE BENEFIT EXPENSES

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Salaries, wages and bonus | 6,036.88 | 6,744.10 |
| Contribution to provident & other funds | 269.67 | 301.29 |
| Employee Stock Option expense (refer note 52) | 83.11 | 47.76 |
| Gratuity (refer note 50) | 94.71 | 89.75 |
| Staff welfare expenses | 229.54 | 283.34 |
| **Total** | **6,713.91** | **7,466.24** |

## 40 FINANCE COST

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Interest | | |
| - on term loans (refer note 51(b)) | 2,079.34 | 1,746.97 |
| - on working capital & others | 496.05 | 839.94 |
| - on lease liabilities (refer note 49) | 23.76 | 39.06 |
| - on defined benefit Plan (refer note 50) | 40.39 | 40.20 |
| Exchange difference regarded as an adjustment to borrowing Cost | 1,712.96 | 2,059.01 |
| Other Borrowing cost | 1,528.49 | 1,404.21 |
| **Total** | **5,880.99** | **6,129.39** |

## 41 OTHER EXPENSES

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Consumption of stores and spares | 1,408.78 | 1,803.44 |
| Power & Fuel | 16,762.48 | 19,408.01 |
| **Total manufacturing Expenses ( A )** | **18,171.26** | **21,211.45** |
| **Selling Expenses** | | |
| Market Development Expenses | 51.17 | 49.26 |
| Freight outward | 1,263.78 | 1,453.84 |
| Commission on sales | 1,830.44 | 2,133.18 |
| **Total selling expenses ( B )** | **3,145.39** | **3,636.28** |

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Administration and other expenses** | | |
| Rent | 181.32 | 222.34 |
| Repair & Maintenance- Machinery | 257.64 | 275.32 |
| - Building | 97.22 | 103.31 |
| - Others | 249.78 | 202.43 |
| Research & Development Expenses | 28.95 | - |
| Insurance | 224.88 | 229.02 |
| Rates & taxes | 53.21 | 22.26 |
| Auditors' remuneration (refer note 45) | 22.95 | 20.97 |
| Electricity & Water expenses | 60.24 | 60.77 |
| Printing & stationery | 40.61 | 45.90 |
| Postage, telephone & telegram | 49.49 | 53.55 |
| Traveling & conveyance | 265.62 | 368.23 |
| Vehicle running & maintenance | 117.32 | 188.28 |
| Legal & professional charges | 150.02 | 224.55 |
| Directors' sitting fees | 8.25 | 8.55 |
| Security services | 4.16 | 3.94 |
| Expenditure towards Corporate Social Responsibility (refer note 44) | 120.06 | 102.43 |
| General expenses | 69.42 | 66.78 |
| Donation & charity (Other than Political Parties) | 0.15 | 2.18 |
| Advertisement & publicity | 4.61 | 15.48 |
| Membership & subscription | 21.44 | 20.14 |
| Loss on sale/discarding of Property, Plant & Equipment [Net of profit of ₹ Nil (previous year ₹ 3.76 Lakhs)] | - | 3.03 |
| Provision for Doubtful Debts | - | 16.93 |
| Bad Debts Written Off ₹ 453.86 Lakhs (net of provision for doubtful debts adjusted ₹ 351.97 lakhs) [Previous year: ₹ 23.71 (net of provision for doubtful debts adjusted ₹ Nil)] | 101.89 | 23.71 |
| **Total administrative & other expenses ( C )** | **2,129.23** | **2,280.10** |
| **Total (A + B + C)** | **23,445.88** | **27,127.83** |

## 42 EARNINGS PER SHARE (EPS)

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Net profit/(loss) for calculation of basic/diluted EPS (₹ In Lakhs) | 16,583.32 | 12,147.04 |
| **Reconciliation of number of shares** | | |
| **Weighted average number of shares in calculating Basic EPS** | **22,09,06,879** | **21,97,36,459** |
| **Effect of Dilution:** | | |
| Effect of dilutive issue of share warrants convertible into equity shares | - | - |
| Effect of dilutive issue of stock option (ESOS) | 9,94,067 | 17,33,522 |
| **Weighted average number of shares in calculating Diluted EPS** | **22,19,00,946** | **22,14,69,981** |
| Nominal Value of each share | 2 | 2 |
| **Earning per share:** | | |
| Basic (₹) | 7.51 | 5.53 |
| Diluted (₹) | 7.47 | 5.48 |

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity Shares.

## 43 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

**i) Contingent liabilities**

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| ***A. Claims against the Company not acknowledged as debts*** | | |
| a) Excise / Custom duty (Mainly relating to reversal of Cenvat credit) | 519.57 | 519.57 |
| b) Amount of duty saved on import of plant & machinery under EPCG scheme on pending export obligations | 2,092.52 | 1,157.37 |
| c) Other Claims against the Company not acknowledged as debts | 434.89 | 434.89 |
| ***B. Guarantees*** | | |
| a) Letters of Credits | 5,427.05 | 2,540.93 |
| b) Unexpired Bank Guarantees* | 7,102.65 | 25,267.09 |
| ***C. Other money for which The Company is contingently liable*** | - | - |

***D.*** DRI Kolkata has issued Show Cause Notice dated 26.07.2019 raising a demand of ₹ 3,699.03 Lakhs on account of alleged violation of conditions of Notification No.N/N 79/2017 – Cus. dated 13.10.2017. The company filed a writ petition dated 21/09/2020 with Gujarat High Court for stay of proceedings and Hon'ble High Court of Gujarat vide its order dated 04.10.2019 has granted stay. The management believes that even in case of adverse decision of competent authority there would not be any liability on the company, since the company would be entitled to input tax credit of IGST. However, the company may be liable to pay interest and penalty if any.

* Guarantees issued by bank are secured by way of first pari-passu charge and hypothecation of stock and book debts of the Company.

The Company does not expect any reimbursement in respect of the above contingent liabilities and it is not practicable to estimate the timings of the cash flows, if any. In respect of the matters pending resolution of the arbitration/ appellate proceedings and it is not probable that an outflow of resources will be required to settle the above obligations/ claims.

Based on the discussion with the solicitors and as advised, The Company believes that there are fair chances of decisions in its favor (in respect of the items listed in A (a) to A (c) & D above). Hence, no provision is considered necessary against the same.

**ii)** There are numerous interpretative issues relating to the Supreme Court Judgement on Provident Fund (PF) dated 28th February, 2019. As a matter of caution, the Company has made provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

**iii) Capital & other commitments**

***a) Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided in the books are as follows:***

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Property, Plant and equipment | 3,664.82 | 7,769.05 |

***b) Other commitments :***

Export obligation of ₹ 6,296.32 lakhs (previous year ₹ 6,944.22 lakhs) on account of duty saved on import of plant & machinery under EPCG scheme.

**44** In light of Section 135 of the Companies Act, 2013, The Company has incurred expenses on Corporate Social responsibility (CSR) aggregating to ₹ 120.06 Lakhs (previous year ₹ 102.43 Lakhs).

**Disclosure in respect of CSR expenditure is as follows:**

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | 231.02 | 185.13 |
| b) Amount spent during the year on the following: | | |
| 1. Construction/acquisition of asset | - | - |
| 2. On purposes other than 1 above | 120.06 | 102.43 |

## 45 STATUTORY AUDITOR'S REMUNERATION

(Net of GST)

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| a) Audit fees (including fees for limited review) | 18.00 | 17.00 |
| b) Tax audit fees | 4.00 | 3.00 |
| c) Certification charges | 0.50 | 0.50 |
| d) Out of pocket expenses | 0.45 | 0.47 |
| **Total** | **22.95** | **20.97** |

## 46 DETAILS OF DUES TO MICRO SMALL & MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

(₹ in lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| i) | The principal amount & the interest due thereon remaining unpaid at the end of the year | | |
| | Principal Amount | 878.61 | 22.69 |
| | Interest Due thereon | - | - |
| ii) | Payments made to suppliers beyond the appointed day during the year | | |
| | Principal Amount | 28.30 | 3.16 |
| | Interest Due thereon | 0.43 | 0.04 |
| iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006 | - | - |
| iv) | The amount of interest accrued and remaining unpaid at the end of the year; and | - | 0.04 |
| v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006. | - | - |

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprises as per MSMED Act, 2006 on the basis of information available with the Company. In cases of confirmation from vendors, interest for delayed payments has not been provided.

## 47 SEGMENT INFORMATION

The Company is primarily engaged in manufacture and trading of synthetic yarn and textiles which is considered as the only reportable business segment. The Company's Chief Operating Decision Maker (CODM) is the Managing Director. He evaluates The Company's performance and allocates resources based on analysis of various performance indicators by geographical areas only.

### INFORMATION ABOUT REPORTABLE SEGMENT

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| External revenue in the above reportable business segment | 2,22,715.29 | 2,78,206.89 |

### INFORMATION ABOUT GEOGRAPHICAL AREAS

***a. Revenue from Contracts with Customers disaggregated based on geography***

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Within India | 1,98,634.44 | 2,38,433.05 |
| Outside India | 24,080.85 | 39,773.84 |
| **Total** | **2,22,715.29** | **2,78,206.89** |

***b. Non current assets (other than financial instruments and tax assets)***

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Within India | 1,27,257.37 | 1,21,128.60 |
| Outside India | - | - |
| **Total** | **1,27,257.37** | **1,21,128.60** |

***c. Information about major customer :***

There are no major customers contributing to more than 10% of the total revenue.

## 48 RELATED PARTY DISCLOSURE:

**(i) Names of related parties and nature of relationships:**

| ***a) Key managerial personnel:*** | |
|---|---|
| i) Shri Madhu Sudhan Bhageria | (Chairman and Managing Director) |
| ii) Shri Purrshottam Bhaggeria | (Joint Managing Director) |
| iii) Shri Madhav Bhageria | (Joint Managing Director) & (Chief Financial Officer) |
| iv) Shri Ashok Chauhan | (Whole time Director) |
| v) Shri Brij Behari Tandon | (Independent- Non Executive Director) |
| vi) Shri Swarup Chandra Parija | (Independent- Non Executive Director) |
| vii) Shri Suraj Parkash Setia | (Independent- Non Executive Director) |
| viii) Smt. Pallavi Joshi Bakhru | (Independent- Non Executive Director) |
| ix) Shri Anil Dutt Mohla | (Chief Financial Officer) Resigned on May 27, 2020 |
| x) Shri Raman Kumar Jha | (Company Secretary) |

| ***b) Relative of key managerial personnel:*** | |
|---|---|
| i) Smt. Satya Bhama Bhageria | (Mother of related party mentioned at a(i), (ii) & (iii) above). |
| ii) Smt. Anu Bhageria | (Wife of related party mentioned at a(i) above). |
| iii) Smt. Shefali Bhageria | (Wife of related party mentioned at a(ii) above). |
| iv) Smt. Gunjan Bhageria | (wife of related party mentioned at a(iii) above). |
| v) Ms. Vrinda Bhageria | (Daughter of related party mentioned at a(i) above). |
| vi) Mr. Yaduraj Bhageria | (Son of related party mentioned at a(ii) above). |
| vii) Mr. Vedansh Bhageria | (Son of related party mentioned at a(iii) above). |
| viii) Ms. Stuti Bhageria | (Daughter of related party mentioned at a(ii) above). |
| ix) Mr. Gopal Jha | (Brother of related party mentioned at a(x) above). |

| ***c) Enterprises owned or significantly influenced by key managerial personnel:*** |
|---|
| i) Purrshottam Bhaggeria Family Trust |
| ii) Nouvelle Securities Pvt Ltd |
| iii) SMC Yarns Pvt Ltd |
| iv) Vrinda Farms Pvt. Ltd. |
| v) Maan Softech Private Limited |
| vi) Azimuth Investments Limited |
| vii) Janus Infrastructure Projects Private Limited |
| viii) Animate Infrastructure Private Limited |
| ix) Hill Estate Pvt. Ltd. |

**(ii) Transactions with related parties during the year :**

(₹ in lakhs)

| Nature of Transactions | | Nature of Relationship | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|---|---|
| **Rent paid** | | | | |
| Vrinda Bhageria | | Relative of Key Management Personnel | 15.38 | 17.76 |
| Vedansh Bhageria | | | 10.25 | 11.84 |
| Yaduraj Bhageria | | | 10.25 | 11.84 |
| Vrinda Farms Private Limited | | Enterprises owned or significantly influenced by Key Managerial Personnel | 20.50 | 24.00 |
| Maan Softech Private Limited | | | 17.94 | 21.00 |
| Purrshottam Bhaggeria Family Trust | | | 21.53 | 25.20 |
| Animate Infrastructure Private Limited | | | 21.53 | 24.60 |
| SMC Yarns Pvt Ltd | | | 15.38 | 18.00 |
| **Security service and Maintenance paid** | | | | |
| Hill Estate (P) Ltd. | | Enterprises owned or significantly influenced by Key Managerial Personnel | 6.62 | 6.60 |
| **Share Application Money received (against exercise price of ESOP)** | | | | |
| Ashok Chauhan | | Key Managerial Personnel | 3.70 | 9.62 |
| Rajendra Prasad Gupta | | | - | 3.70 |
| Raman Kumar Jha | | | 1.11 | 3.33 |
| **Money received against Tax on perquisite value of ESOP as on the date of exercise** | | | | |
| Ashok Chauhan | | Key Managerial Personnel | 3.89 | - |
| Rajendra Prasad Gupta | | | - | 7.18 |
| Raman Kumar Jha | | | 1.86 | 1.78 |
| **Inter-Corporate Deposit's (ICD's)** | | | | |
| Nouvelle Securities (P) Ltd. | Taken | Enterprises owned or significantly influenced by Key Managerial Personnel | 1,100.00 | 2,275.00 |
| | Repaid | | 2,000.00 | 2,700.00 |
| | Interest | | 10.20 | 42.38 |
| Janus Infrastructure Projects Private Limited | Taken | Enterprises owned or significantly influenced by Key Managerial Personnel | - | 50.00 |
| | Repaid | | - | 850.00 |
| | Interest | | - | 23.59 |
| Azimuth Investments Limited | Taken | Enterprises owned or significantly influenced by Key Managerial Personnel | 50.00 | 50.00 |
| | Repaid | | 50.00 | 850.00 |
| | Interest | | 0.38 | 23.59 |
| **Managerial Remuneration** | | | | |
| **Madhu Sudhan Bhageria** | | Key Management Personnel | | |
| - Short-term employee benefits | | | 110.22 | 71.58 |
| - Post-employment benefits | | | 0.18 | 0.22 |
| - Other long-term benefits* | | | 0.11 | 0.20 |
| - Termination benefits^ | | | - | - |
| - Commission | | | 87.90 | 48.39 |
| **Purrshottam Bhaggeria** | | | | |
| - Short-term employee benefits | | | 61.06 | 64.59 |
| - Post-employment benefits | | | 0.18 | 0.22 |
| - Other long-term benefits* | | | 0.11 | 0.19 |
| - Termination benefits^ | | | - | - |
| - Commission | | | 87.90 | 48.39 |
| **Madhav Bhageria** | | | | |
| - Short-term employee benefits | | | 57.34 | 63.52 |
| - Post-employment benefits | | | 0.18 | 0.22 |
| - Other long-term benefits* | | | 0.12 | 0.20 |
| - Termination benefits^ | | | 0.88 | 0.89 |
| - Commission | | | 87.90 | 48.39 |

(₹ in lakhs)

| Nature of Transactions | Nature of Relationship | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|---|
| **Ashok Chauhan** | Key Management Personnel | | |
| - Short-term employee benefits | | 28.53 | 34.16 |
| - Post-employment benefits | | - | - |
| - Other long-term benefits* | | - | 0.02 |
| - Termination benefits^ | | 0.84 | 1.13 |
| - Share-based payment | | 2.83 | 2.31 |
| **Brij Behari Tandon** | | | |
| - Director Sitting Fees | | 1.50 | 2.35 |
| **Swarup Chandra Parija** | | | |
| - Director Sitting Fees | | 2.20 | 2.20 |
| **Suraj Parkash Setia** | | | |
| - Director Sitting Fees | | 2.20 | 2.20 |
| **Pallavi Joshi Bakhru** | | | |
| - Director Sitting Fees | | 2.35 | 1.80 |
| **Rajendra Prasad Gupta** | | | |
| - Short-term employee benefits | | - | 12.02 |
| - Post-employment benefits | | - | 0.02 |
| **Anil Dutt Mohla** | | | |
| - Short-term employee benefits | | 4.29 | 32.19 |
| - Post-employment benefits | | - | 0.22 |
| - Other long-term benefits* | | - | 1.39 |
| - Termination benefits^ | | - | 0.20 |
| **Raman Kumar Jha** | | | |
| - Short-term employee benefits | | 10.87 | 10.46 |
| - Post-employment benefits | | 0.19 | 0.22 |
| - Other long-term benefits* | | 0.26 | 0.46 |
| - Termination benefits^ | | 0.20 | 0.29 |
| - Share-based payment | | 0.81 | 0.67 |
| **Vedansh Bhageria** | Relative of Key Management Personnel | | |
| - Short-term employee benefits | | 7.69 | 8.18 |
| - Post-employment benefits | | 0.19 | 0.22 |
| - Other long-term benefits* | | 0.06 | 0.42 |
| - Termination benefits^ | | 0.18 | 0.12 |
| **Stuti Bhageria** | | | |
| - Short-term employee benefits | | 16.42 | 15.98 |
| - Post-employment benefits | | 0.18 | 0.22 |
| - Other long-term benefits* | | 0.33 | 0.40 |
| - Termination benefits^ | | 0.20 | 0.13 |
| **Gopal Jha** | | | |
| - Short-term employee benefits | | 2.83 | 2.58 |
| - Post-employment benefits | | 0.19 | 0.22 |
| - Other long-term benefits* | | 0.07 | 0.12 |
| - Termination benefits^ | | 0.13 | 0.08 |
| **Sponsorship for Management Course** | | | |
| **Vedansh Bhageria** | Relative of Key Management Personnel | **-** | **10.13** |

* Other long-term benefits (earned leaves ) are taken as per the Actuarial Valuation report
^ Termination benefits (gratuity) are taken as per the Actuarial Valuation subject to the maximum limit of ₹ 20 Lacs under the Gratuity Act 1972.

(₹ in lakhs)

| Particulars | | Nature of Relationship | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| **Managerial Remuneration (net of TDS)** | | | | |
| Madhu Sudhan Bhageria | | Key Management Personnel | 51.66 | 29.83 |
| Purrshottam Bhaggeria | | | 55.48 | 29.93 |
| Madhav Bhageria | | | 55.62 | 29.58 |
| **Other long-term benefits*** | | | | |
| Madhu Sudhan Bhageria | | Key Management Personnel | 1.21 | 1.10 |
| Purrshottam Bhaggeria | | | 1.07 | 0.96 |
| Madhav Bhageria | | | 1.09 | 0.97 |
| Ashok Chauhan | | | 0.34 | 0.34 |
| Anil Dutt Mohla | | | - | 1.39 |
| Raman Kumar Jha | | | 1.33 | 1.07 |
| Vedansh Bhageria | | | 0.97 | 0.91 |
| Stuti Bhageria | | | 0.88 | 0.55 |
| Gopal Jha | | | 0.27 | 0.20 |
| **Termination benefits^** | | | | |
| Madhu Sudhan Bhageria | | Key Management Personnel | 20.00 | 20.00 |
| Purrshottam Bhaggeria | | | 20.00 | 20.00 |
| Madhav Bhageria | | | 19.08 | 18.20 |
| Ashok Chauhan | | | 5.86 | 5.02 |
| Anil Dutt Mohla | | | - | 0.20 |
| Raman Kumar Jha | | | 1.70 | 1.50 |
| Vedansh Bhageria | | | 0.37 | 0.19 |
| Stuti Bhageria | | | 0.33 | 0.13 |
| Gopal Jha | | | 0.25 | 0.12 |
| **Unsecured Loan** | | | | |
| Nouvelle Securities (P) Ltd. | Principal | Enterprises owned or significantly influenced by Key Managerial Personnel | - | 900.00 |
| | Interest | | - | 9.17 |
| Janus Infrastructure Projects Private Limited | Principal | | - | - |
| | Interest | | - | 0.78 |
| **Security service and Maintenance** | | | | |
| Hill Estate (P) Ltd. | | Enterprises owned or significantly influenced by Key Managerial Personnel | - | 1.08 |
| **Share Application Money received (against exercise price of ESOP)** | | | | |
| Ashok Chauhan | | Key Managerial Personnel | 3.70 | 9.62 |
| Raman Kumar Jha | | | 1.11 | 1.11 |
| **Money received against Tax on perquisite value of ESOP as on the date of exercise** | | | | |
| Ashok Chauhan | | Key Managerial Personnel | - | - |
| Raman Kumar Jha | | | 1.56 | - |
| **Security deposit (Rent)** | | | | |
| Vrinda Farms Private Limited | | Enterprises owned or significantly influenced by Key Managerial Personnel | 3.60 | 3.60 |
| Maan Softech Private Limited | | | 3.00 | 3.00 |
| Purrshottam Bhaggeria Family Trust | | | 3.00 | 3.00 |
| Animate Infrastructure Private Limited | | | 6.00 | 6.00 |

(₹ in lakhs)

| Particulars | Nature of Relationship | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Pledge of Shares** | | | |
| Madhu Sudhan Bhageria<br>1,62,46,500 No. of Shares of ₹ 2 each<br>(previous year- 1,62,46,500 No. of shares of ₹ 2 each) | | 324.93 | 324.93 |
| Purrshottam Bhaggeria<br>1,62,47,500 No. of Shares of ₹ 2 each<br>(previous year- 1,62,47,500 No. of shares of ₹ 2 each) | | 324.95 | 324.95 |
| Madhav Bhageria<br>1,62,47,500 No. of Shares of ₹ 2 each<br>(previous year-1,62,47,500 No. of shares of ₹ 2 each) | | 324.95 | 324.95 |
| **Immovable Property mortgaged/Guarantee given against loan taken by The Company** | | | |
| SMC Yarns Pvt. Ltd.<br>[Realisable value of the property as per valuation report dated 15.03.2021 (previous year report dated 06.01.2018)] | Enterprises owned or significantly influenced by Key Managerial Personnel | 305.00 | 336.00 |
| Azimuth Investments Ltd<br>(Realisable value of the property as per valuation report dated 14.04.2014) | | - | 527.00 |
| Satya Bhama Bhageria * | Relative of key Managerial Personnel | - | 866.00 |
| Anu Bhageria * | | | |
| Shefali Bhageria * | | | |
| Gunjan Bhageria * | | | |
| Vrinda Bhageria # | | 899.35 | 873.78 |
| Madhu Sudhan Bhageria # | Key Management Personnel | 1,229.16 | 1,167.10 |
| Purrshottam Bhaggeria # | | 1,406.85 | 1,356.80 |
| Madhav Bhageria # | | 1,583.64 | 1,538.27 |

# Net worth as on 31st March, 2020 (previous year as on 31st March, 2019)
*Property jointly held by related parties and valuation of property as per valuation report dated 14th April, 2014

***Stock options outstanding under ESOS (refer note no. 52)***

| S. N | Key Management Personnel | Grant Date | Exercise Price | No. of options Outstanding as at 31.03.2021 | No. of options Outstanding as at 31.03.2020 |
|---|---|---|---|---|---|
| 1 | Ashok Chauhan | 12-Feb-16 | ₹ 7.40 | - | 50,000 |
| | | 07-May-18 | ₹ 28.85 (Previous Year ₹ 42.20) | 87,500 | 87,500 |
| 2 | Raman Kumar Jha | 12-Feb-16 | ₹ 7.40 | - | 15,000 |
| | | 07-May-18 | ₹ 28.85 (Previous Year ₹ 42.20) | 25,000 | 25,000 |

## 49 LEASES : COMPANY AS A LESSEE

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.00%

**a) Lease Rent**

The Company has various operating leases under cancellable operating lease arrangements for accommodation for employees and other assets which are renewable by mutual consent on mutually agreeable terms and range between 11 months to 10 years. The Company has given interest free refundable security deposit in accordance with the agreed terms. There are no restrictions imposed by these arrangements. There are no sub leases. The Company has not entered into any non cancellable lease.

***i) The following is the movement in lease liabilities during the years ended March 31, 2021 and March 31, 2020 respectively***

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Opening Lease liabilities** | **359.55** | **390.58** |
| Add : Additions | - | - |
| Add : Finance cost accrued during the period | 23.76 | 39.06 |
| Less : Deletions | - | - |
| Less: Changes due to modification in lease | 121.93 | - |
| Less : Payment of lease liabilities | 47.88 | 70.09 |
| **Closing Lease liabilities** | **213.50** | **359.55** |
| **Lease liabilities included in the statement of financial position** | | |
| Current Lease Liabilities | 26.53 | 36.49 |
| Non-Current Lease Liabilities | 186.97 | 323.06 |

***ii) Maturity analysis of lease liabilities :***

(₹ in lakhs)

| Maturity analysis – Contractual undiscounted cash flows | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Not later than one year | 47.88 | 72.45 |
| Later than one year and not later than five years | 224.65 | 319.69 |
| More than five years | 15.83 | 116.64 |
| **Total undiscounted lease liabilities** | **288.36** | **508.78** |

***iii) Amounts recognised in profit or loss***

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Interest on lease liabilities | 23.76 | 39.06 |
| Expenses relating to short-term leases (rent) | 181.32 | 222.34 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | - | - |

## 50 EMPLOYEE BENEFITS

Refer note 2.12 for accounting policy on Employee Benefits

**A Defined contribution plans**

i. Provident Fund/Employees' Pension Fund

ii. Employees' State Insurance

***The Company has recognised following amounts as expense in the Statement of Profit and Loss :***

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Included in contribution to Provident and Other Funds (Refer Note 39)** | | |
| Employer's contribution to Provident Fund/Employees' Pension Fund | 269.31 | 300.49 |
| **Included in contribution to Provident and Other Funds (Refer Note 39)** | | |
| Contribution paid in respect of Employees' State Insurance Scheme | 0.36 | 0.80 |

**B Defined Benefit Plan**

Gratuity: The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

***(i) Balance Sheet***

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

(₹ in lakhs)

| Particulars | Defined Benefit Plan- Gratuity | |
|---|---|---|
| | **As at March 31, 2021** | **As at March 31, 2020** |
| Present value of obligation | 733.78 | 662.11 |
| Fair value of plan assets | - | - |
| **(Asset)/Liability recognised in the Balance Sheet** | **733.78** | **662.11** |
| Net liability-current (Refer Note 32) | 224.10 | 189.60 |
| Net liability-non-current (Refer Note 24) | 509.68 | 472.51 |
| | **733.78** | **662.11** |

***(ii) Movements in Present Value of Obligation and Fair Value of Plan Assets***

(₹ in lakhs)

| | Plan Assets | Plan Obligation | Total |
|---|---|---|---|
| **As at 1st April, 2019** | **-** | **574.29** | **574.29** |
| Current service cost | - | 89.75 | 89.75 |
| Past service cost | - | - | - |
| Interest cost | - | 40.20 | 40.20 |
| Interest income | - | - | - |
| Return on plan assets excluding interest income | - | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | 0.01 | 0.01 |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | 19.34 | 19.34 |
| Actuarial (gain)/loss arising from experience adjustments | - | (21.48) | (21.48) |
| Employer contributions | - | - | - |
| Employee contributions | - | - | - |
| Assets acquired/ (settled) | - | - | - |
| Benefit payments | - | (40.00) | (40.00) |
| **As at 31st March, 2020** | **-** | **662.11** | **662.11** |
| **As at 1st April, 2020** | **-** | **662.11** | **662.11** |
| Current service cost | - | 94.71 | 94.71 |
| Past service cost | - | - | - |
| Interest cost | - | 40.39 | 40.39 |
| Interest income | - | - | - |
| Return on plan assets excluding interest income | - | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | 16.86 | 16.86 |
| Actuarial (gain)/loss arising from experience adjustments | - | (56.23) | (56.23) |
| Employer contributions | - | - | - |
| Employee contributions | - | - | - |
| Assets acquired/ (settled) | - | - | - |
| Benefit payments | - | (24.06) | (24.06) |
| **As at 31st March, 2021** | **-** | **733.78** | **733.78** |

***(iii) Statement of Profit and Loss***

The charge to the Statement of Profit and Loss comprises:

(₹ in lakhs)

| Particulars | Defined Benefit Plan- Gratuity | |
|---|---|---|
| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| **Expenses recognised in the Statement of Profit and Loss for the year** | | |
| **Employee Benefit Expenses :** | | |
| Current service cost | 94.71 | 89.75 |
| Past service cost | - | - |
| **Finance costs :** | | |
| Interest cost | 40.39 | 40.20 |
| Interest income | - | - |
| **Net impact on profit (before tax)** | **135.10** | **129.95** |
| **Recognised in other comprehensive income for the year** | | |
| **Remeasurement of the net defined benefit plans:** | | |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | 0.01 |
| Actuarial (gain)/loss arising from changes in financial assumptions | 16.86 | 19.34 |
| Actuarial (gain)/loss arising from experience adjustments | (56.23) | (21.48) |
| Return (gain)/loss on plan assets excluding interest income | - | - |
| **Net impact on other comprehensive income (before tax)** | **(39.37)** | **(2.13)** |

***(iv) Assets***

There are no plan assets at the Balance Sheet date for the defined benefit obligations as the plan is unfunded.

***(v) Assumptions***

(₹ in lakhs)

| Particulars | Defined Benefit Plan- Gratuity | |
|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 |
| **Financial/Economic Assumptions** | | |
| Discount rate (per annum) | 5.40% | 6.10% |
| Salary escalation rate (per annum) | 7.00% | 7.00% |
| **Demographic Assumptions** | | |
| Retirement age | 58 years | 58 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) ULT. | Indian Assured Lives Mortality (2012-14) ULT. |
| **Withdrawal Rates** | | |
| Ages (years) | | |
| All ages | 20.00% | 20.00% |

**Notes:-**

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government bonds as at the Balance Sheet date for the estimated term of the obligations.

(iii)The salary escalation rate is arrived after taking into consideration the inflation, seniority, promotion and other relevant factors on long term basis.

***(vi) Sensitivity Analysis***

The sensitivity of the overall plan obligations to changes in the key assumptions are:

| Particulars | | Defined Benefit Plan- Gratuity | | | |
|---|---|---|---|---|---|
| | | As at March 31, 2021 | | As at March 31, 2020 | |
| | | Change in assumption | Change in Defined Benefit Obligation (₹ In Lakhs) | Change in assumption | Change in Defined Benefit Obligation (₹ In Lakhs) |
| Discount rate (per annum) | - Increase | 1.00% | (23.80) | 1.00% | (21.41) |
| | - Decrease | 1.00% | 25.83 | 1.00% | 23.19 |
| Salary escalation rate (per annum) | - Increase | 1.00% | 25.02 | 1.00% | 22.50 |
| | - Decrease | 1.00% | (23.51) | 1.00% | (21.16) |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

***(vii) Maturity profile of defined benefit obligation***

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Weighted average duration of the defined benefit obligation** | **5 years** | **5 years** |
| **Expected benefit payments within next-** | | |
| I year | 224.10 | 189.60 |
| II year | 105.67 | 102.90 |
| III year | 88.79 | 79.99 |
| IV year | 73.11 | 67.98 |
| V year | 52.97 | 54.73 |
| thereafter | 189.14 | 166.90 |

**C Other long-term employee benefit obligations** (Included as part of salaries and wages in Note 39- Employee benefits expense)
Includes long term compensated absences. (Refer Accounting policy 2.12)

## 51 GOVERNMENT GRANT

**a. Related to or used for assets :**

Deferred Revenue comprises Government grants : (Refer Note 2.14)

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Opening Balance** | **2,725.09** | **2,480.03** |
| Add:- Grant received during the year | - | 351.00 |
| Less:- Grant released to Statement of Profit & Loss | 124.87 | 105.94 |
| **Closing Balance** | **2,600.22** | **2,725.09** |
| **Current** (refer note 31) | 124.87 | 121.10 |
| **Non-Current** (refer note 26) | 2,475.35 | 2,603.99 |

Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme, The Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, The Company would be required to pay the duty saved along with interest to the regulatory authorities. The Grant does not include refundable duties & taxes.

**b. Related to an expense item :**

i) Grant on account of interest subvention scheme of the Central Government amounting to ₹ 268.70 Lakhs (previous year ₹ 313.11 Lakhs) recognised during the year has been deducted from the related interest expense.

ii) Grant on account of interest subsidy under Gujarat Textile Policy- 2012 amounting to ₹ 173.21 Lakhs {previous year ₹ 262.02 Lakhs in accordance with the accounting policy (refer note 2.14)} has been recognised during the year and deducted from the related interest expense.

## 52 SHARE BASED PAYMENTS

**(I) Employee Stock Option Plans (ESOP) - TRANCHE 1**

(Refer Note No 2.13 of accounting policy)

The Nomination and Remuneration Committee of the Company had at its meeting held on February 12, 2016, approved grant of 9,50,000 (face value of ₹ 10/- per share) [subsequently sub-divided into 47,50,000 shares of face value of ₹ 2/- per share] stock options ("options") to the eligible employees of the Company under the Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015), at an exercise price of ₹ 37 per option (being the closing price at BSE on February 11, 2016 i.e. immediately preceding the grant date), each option being convertible in to one Equity Share of the Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Filatex ESOS 2015.

The terms and conditions of the grant as per the Filatex Employee Stock Option Scheme, 2015 (Filatex ESOS 2015) are as under:

***A. Vesting period***

On completion of 3 Years from the date of grant of options for 60%

On completion of 4 Years from the date of grant of options for 20%

On completion of 5 Years from the date of grant of options for remaining 20%

***B. Exercise period***

The exercise period will commence from the date of vesting itself and shall be exercised in such period as may be decided and communicated by the Nomination & Remuneration Committee. The options, which have been vested and not exercised within such period, can be carried forward till the last vesting and can be exercised, either partially or wholly, within a period upto one year from last vesting or within such other period and at such time as may be decided and communicated by the Nomination and Remuneration committee, however, the options not so exercised with the period available for exercising of last vesting shall lapse and will not be available for exercise by the employee.

The details of the ESOS 2015 plan are:

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| | Number of Options | Weighted average Exercise Price (₹) | Number of Options | Weighted average Exercise Price (₹) |
| Outstanding at the beginning of the year | 8,75,270 | 7.40 | 27,97,150 | 7.40 |
| Granted during the year | - | - | - | - |
| Exercised during the year | 8,42,770 | 7.40 | 17,31,880 | 7.40 |
| Forfeited during the year | - | - | - | - |
| Lapsed during the year | 12,500 | 7.40 | 1,90,000 | - |
| Outstanding at the end of the year | 20,000 | 7.40 | 8,75,270 | 7.40 |
| Exercisable at the end of the year | 20,000 | 7.40 | 1,05,270 | 7.40 |
| Weighted average fair value of options on the date of grant per share | | ₹ 2.32 | | ₹ 2.32 |
| The number of shares granted has face value of | | ₹ 2.00 each | | ₹ 2.00 each |
| The weighted average contractual life of the options outstanding is | | - | | 0.2 years |
| The weighted average share price during the period on exercise of options | | ₹ 57.40 | | ₹ 36.64 |

The following table list the inputs to the models used for ESOS plan for the years ended March 31, 2021 and March 31, 2020 respectively :

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Dividend yield (%) | 0.00% | 0.00% |
| Expected volatility (%) | 61 to 65 | 61 to 65 |
| Risk–free interest rate (%) | 7.524% | 7.524% |
| Weighted Average Share Price (₹) | 7.40 | 7.40 |
| Exercise Price (₹) | 7.40 | 7.40 |
| Expected remaining life of options granted in year | - | 1 |
| Model used | Black Scholes | Black Scholes |

**(II) Employee Stock Option Plans (ESOP) - TRANCHE 2**

(Refer Note No 2.13 of accounting policy)

The Nomination and Remuneration Committee of the Company had at its meeting held on May 07, 2018, approved grant of 4,30,000 (face value of ₹ 10/- per share) [subsequently sub-divided into 21,50,000 shares of face value of ₹ 2/- per share] stock options ("options") to the eligible employees of the Company under the Filatex Employee Stock Option Scheme 2015 (Filatex ESOS-2015), at an exercise price of ₹ 211 per option (being the closing price at BSE on May 04, 2018 i.e. immediately preceding the grant date), each option being convertible in to one Equity Share of the Company upon vesting subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Filatex ESOS 2015.

The Nomination and Remuneration Committee of the Company had at its meeting held on August 28, 2020 approved modification / re-pricing of outstanding 19,95,000 Stock Options (of face value of ₹ 2/- each) granted in 2nd Tranche under Filatex Employee Stock Option Scheme, 2015 (hereinafter referred to as "Filatex ESOS, 2015" or "the Scheme"), exercisable into not more than 19,95,000 fully paid-up equity shares of face value of ₹ 2/- (Rupees Two) each from Exercise price of ₹ 42.20 per option to ₹ 28.85 per option.

The terms and conditions of the grant as per the Filatex Employee Stock Option Scheme, 2015 (Filatex ESOS 2015) are as under:

***A. Vesting period***

On completion of 3 Years from the date of grant of options for 50%

On completion of 4 Years from the date of grant of options for 25%

On completion of 5 Years from the date of grant of options for remaining 25%

***B. Exercise period***

The exercise period will commence from the date of vesting itself and shall be exercised in such period as may be decided and communicated by the Nomination & Remuneration Committee. The options, which have been vested and not exercised within such period, can be carried forward till the last vesting and can be exercised, either partially or wholly, within a period upto one year from last vesting or within such other period and at such time as may be decided and communicated by the Nomination and Remuneration committee, however, the options not so exercised with the period available for exercising of last vesting shall lapse and will not be available for exercise by the employee.

The details of the ESOS 2015 plan are:

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| | Number of Options | Weighted average Exercise Price (₹) | Number of Options | Weighted average Exercise Price (₹) |
| Outstanding at the beginning of the year | 19,95,000 | 42.20 | 21,15,000 | 42.20 |
| Granted during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Lapsed during the year | 1,30,000 | 28.85 | 1,20,000 | 42.20 |
| **Outstanding at the end of the year** | **18,65,000** | **28.85** | **19,95,000** | **42.20** |
| Exercisable at the end of the year | - | - | - | - |

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| | Number of Options | Weighted average Exercise Price (₹) | Number of Options | Weighted average Exercise Price (₹) |
| Weighted average fair value of options on the date of grant per share | | ₹ 10.44 | | ₹ 10.44 |
| Weighted average incremental fair value per share as on the date of Modification of option | | ₹ 3.52 | | - |
| The number of shares granted has face value of | | ₹ 2.00 each | | ₹ 2.00 each |
| The weighted average contractual life of the options outstanding is | | 1.44 years | | 1.8 years |

The following table list the inputs to the models used for ESOS plan as on date of modification for incremental fair value measurement for the year ended March 31, 2021 and March 31, 2020 respectively :

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Dividend yield (%) | 0.00% | 0.00% |
| Expected volatility (%) | 61 to 67 | 61 to 65 |
| Risk–free interest rate (%) | 5.859% | 7.646% |
| Weighted Average Share Price (₹) | 28.85 | 42.20 |
| Exercise Price (₹) | 28.85 | 42.20 |
| Expected remaining life of options granted in year | 3 | 4 |
| Model used | Black Scholes | Black Scholes |

The expected life of the Stock option is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

During the year ended, The Company recorded an employee compensation expense of ₹ 83.11 Lakhs including ₹ 32.62 lakhs due to modification (Previous year ₹ 47.76 Lakhs) in the Statement of Profit & Loss.

## 53 PARTICULARS OF INVESTMENT MADE/SOLD DURING THE YEAR AS MANDATED BY THE PROVISIONS OF THE SECTION 186 OF THE COMPANIES ACT, 2013:

**a)** The company has not given any loan or provided any Guarantee during the Financial year March 31, 2021 under Section 186 of the Companies Act, 2013

**b) Particulars of Investments Made:**

(₹ in lakhs)

| Particulars | Purchased During the Year | | Outstanding Balance | |
|---|---|---|---|---|
| | 2020-21 | 2019-20 | As at March 31, 2021 | As at March 31, 2020 |
| 1 Bhadreshwar Vidyut Private Limited [For purchase of Electricity] | 1.26 | - | 4.54 | 3.28 |

The details of the Investment of the Company are given in note 6

## 54 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT POLICIES AND OBJECTIVES

**I Financial Instruments - Accounting classification, fair values and fair value hierarchy :**

The category wise details as to the carrying value and fair value of the Company's financial assets and financial liabilities including their levels in the fair value hierarchy are as follows:

(₹ in lakhs)

| Particulars | Levels | Carrying values | | Fair values | |
|---|---|---|---|---|---|
| | | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **1. Financial assets at** | | | | | |
| **a. Fair Value through profit & loss** | | | | | |
| Quoted Equity Investments | Level 1 | - | - | - | - |

(₹ in lakhs)

| Particulars | Levels | Carrying values | | Fair values | |
|---|---|---|---|---|---|
| | | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Unquoted Equity Investments | Level 3 | 4.54 | 3.28 | 4.54 | 3.28 |
| Derivatives- foreign exchange forward contracts (not designated as hedging instruments) | Level 2 | - | 562.30 | - | 562.30 |
| **b. Fair value through other comprehensive income** | | - | - | - | - |
| **c. Amortised cost** | | | | | |
| Trade receivables | Level 2 | 12,163.89 | 11,864.50 | 12,163.89 | 11,864.50 |
| Cash & cash equivalents | Level 1 | 1,152.79 | 312.48 | 1,152.79 | 312.48 |
| Bank balances other than Cash & cash equivalents | Level 1 | 2,456.25 | 1,864.85 | 2,456.25 | 1,864.85 |
| Loans | Level 2 | 100.13 | 215.78 | 100.13 | 215.78 |
| Other financial assets | Level 2 | 1,137.70 | 1,600.86 | 1,137.70 | 1,600.86 |
| **2. Financial liabilities at** | | | | | |
| **a. Fair Value through profit & loss** | | | | | |
| Derivatives- foreign exchange forward contracts (not designated as hedging instruments) | Level 2 | 172.26 | - | 172.26 | - |
| **b. Fair value through other comprehensive income** | | - | - | - | - |
| **c. Amortised cost** | | | | | |
| Borrowings- floating rate | Level 2 | 54,868.72 | 66,897.60 | 54,868.72 | 66,897.60 |
| Lease Liabilities | Level 2 | 213.50 | 359.55 | 213.50 | 359.55 |
| Trade payables | Level 2 | 27,424.16 | 18,603.22 | 27,424.16 | 18,603.22 |
| Other financial liabilities | Level 2 | 9,616.23 | 8,144.49 | 9,616.23 | 8,144.49 |

Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2020. The following methods / assumptions were used to estimate the fair values:

1 The carrying value of Cash and cash equivalents, trade receivables, trade payables, short-term borrowings, other current financial assets and financial liabilities approximate their fair value mainly due to the short-term maturities of these instruments.

2 The fair values of investment in quoted investment in equity shares is based on the quoted price in the active market of respective investment as at the Balance Sheet date.

3 **Derivative financial instruments -** The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date using valuation techniques with inputs that are directly or indirectly observable in the marketplace. The derivatives are entered into with the banks/ counterparties with investment grade credit ratings.

4 Description of significant unobservable inputs to valuation (Level 3) : The following shows the valuation techniques and inputs used for Non-current financial instruments that are not carried at fair value :

a. Security deposits given against lease and lease liabilities : Discounted cash flow method using appropriate discounting rate.

b. Non-current Financial assets/liabilities other than above : Expected Cash Flow for the financial instruments

5 **Unquoted equity instruments :** where most recent information to measure fair value is insufficient and where the fair value of these investments cannot be reliably measured, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

6 There has been no change in the valuation methodology for Level 3 inputs during the year. There were no transfers between Level 1 and Level 2 during the year and no transfer into and out of Level 3 fair value measurements.

**II Financial Risk Management Objectives and Policies**

The Company's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

The Company's financial risk management policy is set by the management. Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. The Company manages market risk which evaluates and exercises independent control over the entire process of market risk management. The management recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee.

***a) Credit Risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business and through regular monitoring of conduct of accounts. The Company also holds security deposits for outstanding trade receivables which mitigate the credit risk to some extent.

An impairment analysis is performed at each reporting date on an individual basis for major customers and follows simplified approach for recognition of impairment loss allowance. The history of trade receivables shows a negligible provision for bad and doubtful debts. The management believes that no further provision is necessary in respect of trade receivables based on historical trends of these customers. Further, the Company's exposure to customers is diversified and no single customer has significant contribution to trade receivable balances.

In respect of financial guarantees provided by the Company to banks & financial institutions, the maximum exposure which The Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

The movement in the expected credit loss allowance during the year is as follows:

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Opening Balance | 431.51 | 414.58 |
| Impairment loss recognised | - | 40.64 |
| Amount written off as Bad debts | (351.97) | (23.71) |
| Closing Balance | 79.54 | 431.51 |

Also refer note 12

The credit risk on liquid funds such as banks in current and deposit accounts and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

***b) Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments based on contractual undiscounted payments.

(₹ in Lakhs)

| Particulars | Carrying amount | upto 1 year | 1-3 year | 3-5 year | More than 5 year | Total contracted cash flows |
|---|---|---|---|---|---|---|
| **As at 31st March, 2021** | | | | | | |
| Borrowings and interest thereon * | 58,609.15 | 8,768.30 | 27,178.71 | 20,682.75 | 18,058.44 | 74,688.20 |
| Lease Liabilities | 213.50 | 47.88 | 108.33 | 116.32 | 15.83 | 288.36 |
| Trade payables | 27,424.16 | 27,424.16 | - | - | - | 27,424.16 |
| Other financial liabilities (excluding current maturities of Long term borrowings) | 5,875.80 | 5,651.30 | 224.50 | - | - | 5,875.80 |
| **Total Non-Derivative Liabilities** | **92,122.61** | **41,891.64** | **27,511.54** | **20,799.07** | **18,074.27** | **1,08,276.52** |
| **Derivatives** | | | | | | |
| Other Financial Liabilities | 172.26 | 172.26 | - | - | - | 172.26 |
| **Total Derivative Liabilities** | **172.26** | **172.26** | **-** | **-** | **-** | **172.26** |

(₹ in Lakhs)

| Particulars | Carrying amount | upto 1 year | 1-3 year | 3-5 year | More than 5 year | Total contracted cash flows |
|---|---|---|---|---|---|---|
| **As at 31st March, 2020** | | | | | | |
| Borrowings and interest thereon * | 71,726.40 | 16,545.79 | 28,386.74 | 23,944.54 | 21,130.63 | 90,007.70 |
| Lease Liabilities | 359.55 | 72.45 | 153.05 | 166.64 | 116.64 | 508.78 |
| Trade payables | 18,603.22 | 18,603.22 | - | - | - | 18,603.22 |
| Other financial liabilities (excluding current maturities of Long term borrowings) | 3,315.69 | 3,198.46 | 117.23 | - | - | 3,315.69 |
| **Total Non-Derivative Liabilities** | **94,004.86** | **38,419.92** | **28,657.02** | **24,111.18** | **21,247.27** | **1,12,435.39** |
| **Derivatives** | | | | | | |
| Other Financial Liabilities | - | - | - | - | - | - |
| **Total Derivative Liabilities** | **-** | **-** | **-** | **-** | **-** | **-** |

* The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be paid on those liabilities upto the maturity of the instruments, ignoring the call and refinancing options available with the Company, if any. The amounts included above for variable interest rate instruments for non-derivative liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. Interest accrued but not due has been included in other financial liabilities.

**Financing facilities :**

The Company has access to financing facilities as described in below Note. The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Secured bank loan facilities with various maturity dates through to 31st March, 2021 and which may be extended by mutual agreement:** | | |
| - amount used | 53,682.21 | 59,406.97 |
| - amount unused | 2,272.59 | 11,677.00 |
| | 55,954.80 | 71,083.97 |
| **Unsecured loans from bodies corporate** | | |
| - amount used | 3,658.00 | 5,818.00 |
| - amount unused | 342.00 | 2,882.00 |
| | 4,000.00 | 8,700.00 |

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Secured bank overdraft facility :** | | |
| - amount used | 1,268.94 | 5,752.83 |
| - amount unused | 18,731.06 | 14,247.17 |
| | 20,000.00 | 20,000.00 |

***c) Market Risk***

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments, trade payables, trade receivables, derivative financial instruments and other financial instruments. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities.

**i) Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk arises from its foreign currency borrowings and trade receivables and trade payables denominated in foreign currencies. The results of the Company's operations can be affected as the rupee appreciates/depreciates against these currencies. The Company enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures The Company has a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Company.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed below):

| Foreign Currency Liabilities | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Indian Rupees (₹ In Lakhs) | Amount in Foreign currency | Indian Rupees (₹ In Lakhs) |
| **Currency** | | | | |
| Borrowings ( including current maturities) | | | | |
| USD | - | - | 21,24,802 | 1,601.80 |
| Euro | 2,72,43,569 | 23,456.44 | 3,25,08,783 | 26,998.41 |
| Interest payable | | | | |
| USD | 32,733 | 24.06 | 11,326 | 8.54 |
| Euro | 26,013 | 22.40 | 71,216 | 59.14 |
| Trade Payables & other liabilities | | | | |
| JPY | 2,50,90,899 | 166.50 | 43,46,200 | 30.27 |
| USD | 59,32,295 | 4,360.52 | 12,74,420 | 960.73 |
| Euro | 2,59,275 | 223.23 | 4,43,065 | 367.96 |

| Foreign Currency Assets | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Amount in Foreign currency | Indian Rupees (₹ In Lakhs) | Amount in Foreign currency | Indian Rupees (₹ In Lakhs) |
| **Currency** | | | | |
| **Trade Receivables** | | | | |
| USD | 58,50,767 | 4,300.59 | 53,74,639 | 4,051.72 |
| Euro | 30,082 | 25.90 | 27,889 | 23.16 |
| **Other Receivables** | | | | |
| GPB | - | - | 20,349 | 18.94 |
| **Balance in EEFC Account** | | | | |
| USD | 47,549 | 34.95 | 6,065 | 4.57 |

**a. Foreign currency sensitivity analysis :**

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of USD, Euro, JPY and GBP with INR, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lakhs)

| Particulars | 31-Mar-21 | | 31-Mar-20 | |
|---|---|---|---|---|
| | Effect on Profit before tax Gain/(Loss) | | Effect on Profit before tax Gain/(Loss) | |
| 5% movement | Decrease in Exchange Rate | Increase in Exchange Rate | Decrease in Exchange Rate | Increase in Exchange Rate |
| On Foreign Currency Liability (net of Foreign Currency Assets) : | | | | |
| JPY | 8.33 | (8.33) | 1.51 | (1.51) |
| USD | 2.45 | (2.45) | (74.26) | 74.26 |
| Euro | 1,183.81 | (1,183.81) | 1,370.12 | (1,370.12) |
| GBP | - | - | (0.95) | 0.95 |

**b. Derivative financial instruments :**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a Bank or a Financial Institution. These derivative financial instruments are valued based on inputs that is directly or indirectly observable in the marketplace.

The Company, basis their assessment, believe that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic.

***The following table gives details in respect of outstanding foreign exchange forward contracts:***

| Outstanding Contracts | Buy/sell | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| Other Derivatives | | Amount in Foreign currency | Nominal Value ₹ In Lakhs | Fair Value ₹ In Lakhs | Amount in Foreign currency | Nominal Value ₹ In Lakhs | Fair Value ₹ In Lakhs |
| **Forward contracts** | | | | | | | |
| in USD | Buy | 2,39,04,655 | 17,500.00 | 17,571.05 | 1,80,31,223 | 13,000.00 | 13,593.00 |
| in Euro | Buy | - | - | - | - | - | - |
| in YEN | Buy | - | - | - | - | - | - |

**ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's investments in term deposits (i.e., margin money) with banks are for short durations, and therefore do not expose The Company to significant interest rates risk.

**a. Interest rate risk exposure**

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Floating rate instruments : | | |
| Borrowings | 58,609.15 | 73,526.24 |

**b. Interest rate sensitivity :**

The sensitivity analysis below have been determined based on exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of borrowings that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables, in particular foreign currency exchange rates, were held constant, the effect on Interest expense for the respective financial years and consequent effect on Company's profit in that financial year would have been as below:

(₹ in Lakhs)

| Particulars | Impact on Profit before Tax | |
|---|---|---|
| | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
| Floating rate instruments : | | |
| 50 basis points increase | (293.05) | (367.63) |
| 50 basis points decrease | 293.05 | 367.63 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

**iii) Price risk**

The Company invests its surplus funds in various mutual funds (debt fund, equity fund, liquid schemes and income funds etc.), short term debt funds, listed or unlisted equity shares, government securities and fixed deposits. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

**III Capital Risk Management Policies and Objectives**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the covenants and restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital and to maximise shareholders value. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt, etc.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements and the requirements of the financial covenants.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as interest bearing loans and borrowings less cash and cash equivalents.

**The gearing ratio at the end of the reporting period was as follows:**

(₹ in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Debt | 58,609.15 | 71,726.40 |
| Lease Liabilities | 213.50 | 359.55 |
| Cash and Cash equivalents | 1,152.79 | 312.48 |
| Net debt | 57,669.86 | 71,773.47 |
| Total Equity | 76,246.60 | 59,488.35 |
| Capital and net debt | 1,33,916.46 | 1,31,261.82 |
| **Gearing Ratio (%)** | **43.06%** | **54.68%** |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

**IV Changes in liabilities arising from financing activities as per Ind AS 7 - Statement of cash flows**

The major changes in the Company's liabilities arising from financing activities are due to financing cash flows and accrual of financial liabilities. The Company did not acquire any liabilities arising from financing activities during business combinations effected in the current period or comparative period.

The Company disclosed information about its interest-bearing loans and borrowings. There are no obligations under finance lease and hire purchase contracts.

***Reconciliation of Liabilities from financial activities for the year ended March 31, 2021***

(₹ in Lakhs)

| Particulars | 01.04.2020 (opening balance of current year) | Cash Flows | Non-cash changes | | | | 31.03.2021 (closing balance of current year) |
|---|---|---|---|---|---|---|---|
| | | | Arising from obtaining or losing control of subsidiaries or other businesses | Foreign exchange movement | Fair value changes | Others | |
| i. Current interest bearing loans and borrowings (excluding items listed below) | 5,752.83 | (4,483.89) | - | - | - | - | 1,268.94 |
| ii. Current maturities of Long term borrowings | 4,828.80 | (4,828.80) | - | - | - | 3,740.43 | 3,740.43 |
| iii. Non-current interest-bearing loans and borrowings (excluding items listed below) | 61,144.77 | (4,877.37) | - | 1,072.81 | - | (3,740.43) | 53,599.78 |
| iv. Interest accrued on borrowings * | 431.07 | (3,377.03) | - | - | - | 3,159.64 | 213.68 |
| **Total liabilities from financing activities** | **72,157.47** | **(17,567.09)** | **-** | **1,072.81** | **-** | **3,159.64** | **58,822.83** |

* Represents Interest expenses including interest capitalised as per Ind AS 23 amounting ₹ 543.86 Lakhs.

***Reconciliation of Liabilities from financial activities for the year ended March 31, 2020***

(₹ in Lakhs)

| Particulars | 01.04.2019 (opening balance of current year) | Cash Flows | Non-cash changes | | | | 31.03.2020 (closing balance of current year) |
|---|---|---|---|---|---|---|---|
| | | | Arising from obtaining or losing control of subsidiaries or other businesses | Foreign exchange movement | Fair value changes | Others | |
| i. Current interest bearing loans and borrowings (excluding items listed below) | 7,017.82 | (1,383.16) | - | 118.17 | - | - | 5,752.83 |
| ii. Current maturities of Long term borrowings | 5,707.26 | (5,707.26) | - | - | - | 4,828.80 | 4,828.80 |
| iii. Non-current interest-bearing loans and borrowings (excluding items listed below) | 47,676.01 | 16,238.43 | - | 2,059.13 | - | (4,828.80) | 61,144.77 |
| iv. Interest accrued on borrowings ^ | 132.96 | (2,821.39) | - | - | - | 3,119.50 | 431.07 |
| **Total liabilities from financing activities** | **60,534.05** | **6,326.62** | **-** | **2,177.30** | **-** | **3,119.50** | **72,157.47** |

^ Represents Interest expenses including interest capitalised as per Ind AS 23 amounting ₹ 565.32 Lakhs.

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time, and the effect of accrued but not yet paid interest on interest bearing loans and borrowings.

## 55 RESEARCH AND DEVELOPMENT:

The revenue expenditure of ₹ 28.95 Lakhs (Previous Year: Nil) and capital expenditure for cost of acquisition/construction of assets of ₹ 15.53 Lakhs (Previous Year: Nil) on Research & Development are charged to the respective heads of account.

## 56 CAPITALISATION OF EXPENDITURE

The Company has capitalised the following expenses of revenue nature to the cost of capital work in progress (CWIP)/ Property, Plant & Equipment (PPE) comprising POY Line with ES1 and Texturising Machines on the basis of ready for intended use. Consequently the expenses disclosed under the respective notes are net of amounts capitalised by The Company. The break-up of expenditure is as follows:

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| Raw material consumed | - | 2,201.48 |
| Other overheads/material consumed | - | 79.23 |
| Power & Fuel | 275.51 | 607.16 |
| **Sub total (A)** | **275.51** | **2,887.87** |
| **Payments and benefits to Employee** | | |
| Salaries & wages | 117.33 | 426.05 |
| **Sub total (B)** | **117.33** | **426.05** |
| **Operating expenses :** | | |
| Insurance expenses | 12.94 | 5.60 |
| Travel and conveyance | - | 53.80 |
| Legal and professional | 38.82 | 52.27 |
| General expenses | 37.37 | 83.99 |
| **Sub total (C)** | **89.13** | **195.66** |
| **Finance costs *** | | |
| Interest on term loan | 545.86 | 620.42 |
| Bank Charges | 37.74 | 15.59 |
| **Sub total (D)** | **583.60** | **636.01** |
| **Less: Sale/ Net realisable value of goods produced during the trial run (E)** | **-** | **2,404.67** |
| **Total amount (A)+(B)+(C)+(D)-(E)** | **1,065.57** | **1,740.92** |
| Add: Opening balance | 153.24 | 541.65 |
| Less: Amount capitalised to Property, Plant & Equipment | 29.47 | 2,129.33 |
| **Balance to be carried forward** | **1,189.34** | **153.24** |

* Interest comprises of

1 ₹ 302.36 Lakhs (Previous year ₹ 155.02 Lakhs) on specific borrowings taken for Plant & machinery

2 ₹ 243.50 Lakhs (Previous year ₹ 465.40 Lakhs) on general borrowings taken for other qualifying assets @ 9% p.a

## 57 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, historical experience and other factors, including expectations of future events that are believed to be reasonable, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**A. Judgements in applying accounting policies**

The judgements, apart from those involving estimations (see note below), that the Company has made in the process of applying its accounting policies and that have a significant effect on the amounts recognised in these financial statements pertain to :

***Leases :***

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

**B. Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

***(i) Impairment of trade receivables:***

The impairment provisions for trade receivables are based on based on lifetime expected credit loss based on a provision matrix. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

The Company uses judgment in making assumptions about risk of default and expected loss rates and selecting the inputs to the impairments calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

***(ii) Fair value measurements of financial instruments:***

In estimating the fair value of a financial asset or a financial liability, the Company uses market-observable data to the extent it is available. Where active market quotes are not available, the management applies valuation techniques to determine the fair value of financial instruments. This involves developing estimates, assumptions and judgements consistent with how market participants would price the instrument.

***(iii) Actuarial Valuation:***

The determination of Company's liability towards defined benefit obligation viz. gratuity and other long-term employee benefit obligation viz. long term compensated absences to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

***(iv) Claims, Provisions and Contingent Liabilities:***

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. These estimates could change substantially over time as new facts emerge and each dispute progresses. Information about such litigations is provided in notes to the financial statements.

***(v) Income Taxes***

Deferred tax assets are recognised for unused tax losses and unabsorbed depreciation carry forwards to the extent that it is probable that taxable profit will be available against which the losses/ depreciation can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

***(vi) Share-based payments***

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. This requires a reassessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in notes to the financial statements.

***(vii) Useful lives of property, plant and equipment and intangible assets:***

As described in the significant accounting policies, the Company determines and also reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Such lives are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

***(viii) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):***

The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, property plant and equipment, Intangibles etc., as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

## 58 DISTRIBUTION MADE/PROPOSED

(₹ in lakhs)

| Particulars | For the Year ended March 31, 2021 | For the Year ended March 31, 2020 |
|---|---|---|
| **Proposed dividend on equity shares:** | | |
| Final dividend (for the year ended on March 31, 2021 @ ₹ 0.40 per share and March 31, 2020 :NIL | 883.27 | - |

Proposed dividend on equity shares is subject to approval of the shareholders at the annual general meeting and is not recognised as a liability as at March 31, 2021.

**59** The Indian Parliament has approved the code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and and the related rules to determine the financial impact are published.

**60** The figures for the previous years have been regrouped and/or reclassified wherever necessary to conform with the current year presentation.

As per our report of even date

For and on behalf of the Board of Directors of
**Filatex India Limited**

For **Arun K Gupta & Associates**
Firm Registration No. 000605N
Chartered Accountants

For **R N Marwah & Co LLP**
Firm Registration No. 001211N/N500019
Chartered Accountants

**Madhu Sudhan Bhageria**
Chairman & Managing Director
DIN: 00021934

**Gireesh Kumar Goenka**
Partner
Membership No. 096655

**Sunil Narwal**
Partner
Membership No. 511190

**Madhav Bhageria**
Joint Managing Director & CFO
DIN: 00021953

**Place:** New Delhi
**Date:** April 22, 2021

**Raman Kumar Jha**
Company Secretary

# Corporate Information

### Board of Directors

| Name | Designation | DIN |
| --- | --- | --- |
| Mr. Madhu Sudhan Bhageria | Chairman & Managing Director | 00021934 |
| Mr. Purrshottam Bhaggeria | Joint Managing Director | 00017938 |
| Mr. Madhav Bhageria | Joint Managing Director & CFO | 00021953 |
| Mr. Ashok Chauhan | Executive Director | 00253049 |
| Mr. Brij Behari Tandon | Independent Director | 00740511 |
| Mr. Swarup Chandra Parija | Independent Director | 00363608 |
| Mr. Suraj Parkash Setia | Independent Director | 00255049 |
| Mrs. Pallavi Joshi Bakhru | Independent Director | 01526618 |

## COMPANY SECRETARY

Mr. Raman Kumar Jha

## BANKERS

Union Bank of India
Punjab National Bank
Bank of Baroda

## AUDITORS

1. Arun K Gupta & Associates
   D-58, East of Kailash
   New Delhi- 110 025

2. R N Marwah & Co LLP
   4/80 Janpath Connaught Place,
   New Delhi- 110 001

## CORPORATE OFFICE

BHAGERIA HOUSE
43, Community Centre, New Friends Colony,
New Delhi- 110 025
Website: filatex.com
CIN: L17119DN1990PLC000091

## WORKS

1. S. No. 274, Demni Road,
   Dadra- 396 193
   (U.T. of Dadra & Nagar Haveli)

2. Plot No. D-2/6, Jolva Village
   PCPIR, Dahej-2 Industrial Estate GIDC,
   Distt. Bharuch, Gujarat – 392 130

## REGISTRAR AND SHARE TRANSFER AGENTS

MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area,
Phase-I, New Delhi- 110020
Tel : 011-41406148
Fax : 011-41709881
Email: admin@mcsregistrars.com

## REGISTERED OFFICE

S. No. 274, Demni Road,
Dadra- 396 193
(U.T. of Dadra & Nagar Haveli)
Ph: 260-2668343/8510
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Email: fildadra@filatex.com

**Filatex India Limited**


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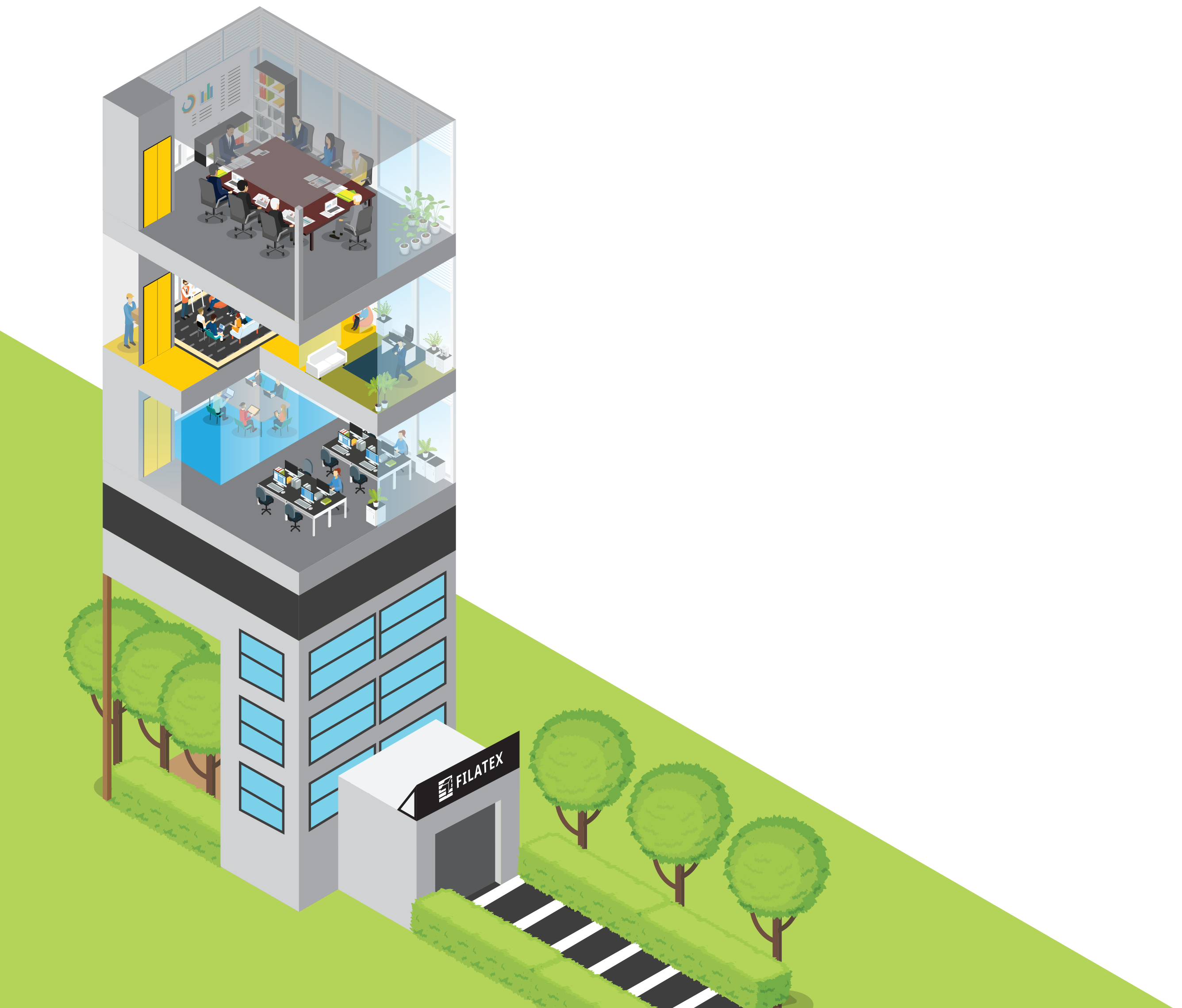
CIN: L17119DN1990PLC000091

# Notice Convening Annual General Meeting

*NOTICE is hereby given that the 31st Annual General Meeting ('AGM') of the Members of FILATEX INDIA LIMITED (the "Company") will be held on Friday, 24th September, 2021 at 11.30 AM through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following businesses:*

## ORDINARY BUSINESS

**Item no. 1: Adoption of Audited Financial Statements of the Company for the Financial Year ended March 31, 2021**

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

"**RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended 31st March 2021 along with Board's Report, Independent Auditors' Report thereon, Corporate Governance Report, Secretarial Auditor's Report and other annexures therewith, be and are hereby received, considered, approved and adopted."

**Item no. 2: Declaration of dividend for the Financial Year ended on March 31, 2021**

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

"**RESOLVED THAT** dividend of ₹ 0.40 (Forty Paisa) per equity share of ₹ 2 each for the Financial Year ended on 31st March 2021, as recommended by the Board of Directors of the Company, be and is hereby declared."

**Item no. 3: Re-appointment of Shri Madhav Bhageria, Joint Managing Director & CFO as a Director of the Company, liable to retire by rotation**

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

"**RESOLVED THAT** pursuant to Section 152 of the Companies Act, 2013 and any other applicable provisions, if any, (including any statutory modification or re-enactment thereof for the time being in force), **Shri Madhav Bhageria** (DIN 00021953), Joint Managing Director & CFO, who retires by rotation and being eligible, offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

## SPECIAL BUSINESS

**Item no. 4: Ratification of remuneration of Cost Auditors for the Financial Year ending March 31, 2022**

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

"**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 and rules made thereunder and other applicable provisions, if any, of the Companies Act, 2013, the payment of Remuneration of ₹ 60,000 (Rupees Sixty Thousands) plus GST and out of pocket expense to **M/s Bahadur Murao & Co.,** a firm of Cost Auditors, (Firm Registration No. 000008), who were appointed by the Board of Directors in their Meeting held on 22nd April, 2021 for conducting the audit of cost records of the Company for the Financial Year ending 31st March 2022, be and is hereby approved and ratified".

**Item no. 5: ISSUANCE OF EQUITY SHARES TO PROMOTER GROUP**

***To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:***

"**RESOLVED THAT** pursuant to the provisions of 23(1)(b),42,62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the '**SEBI ICDR Regulations**') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the '**SEBI Listing Regulations**') and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company (including any statutory amendment(s), modification(s) and/or re-enactment(s), and/or other concerned authority (ies) and subject to such approval(s), consent(s), permission(s) and/or sanction(s) of SEBI, Stock Exchanges, and/or any other concerned authority(ies), institution(s) or body(ies), as may be necessary and subject to such condition(s) as may be prescribed by any of them in granting any such approval, consent, permission or sanction, which the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee of the Board to be constituted to exercise its powers, including the powers conferred by this resolution) is authorized, consent / approval of the Members of Company be and is hereby accorded to create, issue, offer and allot on a preferential basis **28,00,000 fully paid up equity shares** of the Company of the face value of ₹ 2 each for cash at an exercise price of ₹ 95 per share (including premium of ₹ 93 per share) which is higher than the price determined in accordance with the Regulations on Preferential Issue as contained in Chapter V of SEBI ICDR Regulations as on relevant date to following persons belonging to Promoter Group :

| Sr. No. | Name of the persons | Category | Number of Equity shares to be allotted |
|---|---|---|---|
| 1 | Azimuth Investments Limited | Promoter Group | 13,00,918 |
| 2 | Nouvelle Securities Private Limited | Promoter Group | 11,88,451 |
| 3 | Gunjan Bhageria | Promoter Group | 1,71,728 |
| 4 | Shefali Bhageria | Promoter Group | 69,702 |
| 5 | Vrinda Bhageria | Promoter Group | 69,201 |
| | **Total** | | **28,00,000** |

**RESOLVED FURTHER THAT** the Relevant Date for the purpose of calculating the exercise price of the equity shares is **25th August, 2021** in terms of Chapter V of SEBI (Issue of Capital and Disclosure Requirements), 2018 as amended till date.

**RESOLVED FURTHER THAT** the equity shares allotted shall be locked in for a period of three years from the date of trading approval of equity shares allotted in accordance with Chapter V of SEBI (Issue of Capital and Disclosure Requirements), 2018 as amended.

**RESOLVED FURTHER THAT** the Equity Shares so issued shall rank pari-passu in all respects with the existing Equity Shares of the Company except that the Equity Shares so issued shall be subject to lock-in for a period of three years from the date of trading approval of equity shares allotted or upto such extended period as per provisions of SEBI regulations and that the said Equity Shares will be listed on the Stock Exchanges where the existing Equity Shares of the Company are listed.

**RESOLVED FURTHER THAT** the equity shares, if any, already held by the proposed allottees shall be under lock-in from the relevant date upto a period of six months from the date of trading approval.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution to issue and allot the said Equity shares and listing thereof with the Stock Exchange(s), the Board of Directors (or the duly constituted Committee) be and are hereby authorized on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as they may in their discretion, deem necessary, proper and desirable for such purpose and with powers on behalf of the Company to settle any question, difficulty or doubt that may arise in the proposed offer, issue and allotment of such Equity Shares including utilization of the issue proceeds and to take such actions or give such directions as they may consider necessary and desirable and to obtain any approval(s), consent(s), permission(s) and/or sanction(s) which may be necessary or desirable, as they may deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make in its own accord or to accept such amendments, modifications, variations and alterations as the SEBI, Stock Exchanges and/or any other appropriate authority(ies) may stipulate in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors/Officers of the Company to give effect to this resolution."

By Order of the Board of Directors
For **Filatex India Limited**

**Raman Kumar Jha**
Company Secretary

**Place:** New Delhi
**Date:** 25th August, 2021

**Registered office:**
Survey No.274, Demni Road, Dadra
(U.T. of Dadra & Nagar Haveli) 396 193
Phone no. 260-2668343/8510
Fax No.260-2668344
Email: fildadra@filatex.com
Website: filatex.com
CIN: L17119DN1990PLC000091

# Notes:

1. In view of the prevailing COVID-19 pandemic, the Ministry of Corporate Affairs (the "MCA"), vide its General Circulars No. 14/2020, No. 17/2020, No. 20/2020, No. 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 respectively (hereinafter collectively referred as the "MCA Circulars") read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, has allowed Companies to conduct Annual General Meeting through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), thereby, dispensing with the requirement of physical attendance of the members in the AGM. Accordingly, the 31st Annual General Meeting of the Company will be held through VC or OAVM in compliance with the said circulars and the relevant provisions of the Companies Act, 2013 (as amended) (the "Act") and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "Listing Regulations"). Members attending the AGM through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

2. **In terms of the said MCA circulars and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, the requirement of sending proxy forms to the shareholders as per provisions of Section 105 of the Act read with Regulation 44(4) of the Listing Regulations, has been dispensed with. Therefore, the facility to appoint proxy by the members will not be available and accordingly, the Proxy Form and Attendance Slip are not annexed to this Notice.**

   However, in pursuance of Section 113 of the Act and Rules made thereunder, the corporate members are entitled to appoint authorized representatives to cast vote through remote e-Voting or to cast Vote during the AGM, through VC or OAVM. Institutional Shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Power of Attorney / appropriate Authorization Letter together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at shares@filatex.com/primekoss@hotmail.com with a copy marked to evoting@nsdl.co.in.

3. Since the AGM will be held through VC or OAVM, Route Map is not being provided with the Notice.

4. Explanatory Statement pursuant to Section 102 of the Companies, 2013 in respect of **Item No(S). 4 & 5** of the Notice is annexed hereto. Necessary information of the Director seeking re-appointment at the AGM as required under Regulation 36(3) of the Listing Regulations and the Revised Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) is also appended to the Notice.

5. The Register of Members and Share Transfer Books of the Company shall be closed from 18th September, 2021 to 24th September, 2021 (both days inclusive).

6. The dividend as recommended by the Board of Directors will be paid to the members on or before 30th day from the date of declaration i.e. date of AGM.

   - **For equity shares held in physical form -** those Members whose names will appear in the Register of Members on the close of the day on Friday, September 10, 2021
   - **For equity shares held in dematerialized form -** those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owner on close of day on Friday, September 10, 2021.

7. Members are requested to notify:

   A) change of address, if any, with Pin Code, quoting reference of their folio number, to the Company.

   B) members who are holding shares in Demat Mode are requested to notify any change in their address to their respective Depository Participant.

8. Members seeking any information with regard to Accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.

9. Pursuant to Section 124(5) of the Companies Act, 2013, in respect of dividends unclaimed for more than seven years from the date of transfer in Unpaid Dividend Account, the Company has transferred unclaimed dividend to the Investor Education and Protection Fund (IEPF) for the Financial Years 2009-10, 2010-11 & 2011-12. Further the Company has also transferred related shares to IEPF Suspense Account. The shares and dividend amount which had been transferred to IEPF, can be claimed from the IEPF Authority by following the procedures which are available on the Company's website www.filatex.com and on the IEPF Authority's website www.iepf.gov.in.

10. In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requests for effecting transfer of securities can be processed in dematerialized form w.e.f. 01.04.2019 with a depository except in case of transmission or transposition of securities. Members may please also note that the shares of the Company are compulsorily traded only in Dematerialized form on Stock Exchanges. Shareholders, who have not yet dematerialized, are requested to have their shares dematerialized to avail the benefits of electronic form of trading.

11. In terms of SEBI circular, you are requested to provide copy of PAN card and original cancelled cheque leaf/attested bank passbook showing your name as account holder.

12. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the members holding shares in physical form may nominate, in the prescribed manner, a person to whom all

the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in demat form may contact their respective Depository Participants for availing this facility and the Registrar in respect of shares held in physical form.

13. All Documents referred to in the Notice and Explanatory Statement are open for inspection by the members at the Registered Office of the Company on any working day during office hours from 10.00 A.M. to 1.00 P.M. upto the date of the Meeting. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Act shall be made available for inspection upon login at NSDL e-Voting system at https://www.evoting.nsdl.com.

14. As a part of Green initiative in the Corporate Governance, the Ministry of Corporate Affairs (MCA) vide its circulars dated 21st and 29th April, 2011, permitted service of documents through electronic mode in place of physical mode to all the shareholders. Your Company is also keenly desiring to participate in such initiative and request all the shareholders **to update their email Ids with their Depositories (NSDL & CDSL) or send their email IDs alongwith DP ID/Client ID to the Company to enable your Company to serve all future communication through email.** Keeping in view of the aforesaid initiative of MCA, your Company shall send the Annual Report, to its Members in electronics form, to the email address provided by them.

15. The Notice alongwith the Annual Report of the Company for the Financial Year ended March 31, 2021, will be sent only through e-mail, to those Members whose e-mail addresses are registered with the Company or the Registrar and Share Transfer Agent (the "RTA"), or the Depository Participant(s). The Notice and the Annual Report for the Financial Year ended March 31, 2021 shall be available on the websites of the Company viz., www.filatex.com and of the Stock Exchanges where Equity Shares of the Company are listed. The Notice shall also be available on the e-Voting website i.e. www.evoting.nsdl.com of the National Securities Depository Limited (NSDL) engaged for providing remote E-voting facility and e-Voting at AGM through VC/OAVN.

16. **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time and Listing Regulations, the Company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The Company has entered into an agreement with National Securities Depository Limited (NSDL), as the authorized agency for facilitating voting through electronic means. The facility of casting votes by a member using remote e-voting system as well as venue voting through VC/OAVM on the date of the AGM will be provided by NSDL.

The members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM through VC/OAVM but shall not be entitled to cast their vote again.

The remote e-voting period commences on 21st September, 2021 (9:00 am) and ends on 23rd September, 2021 (5:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2021 may cast their vote by remote e-voting.

The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

***Step 1: Access to NSDL e-Voting system***

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp |

| Type of shareholders | Login Method |
| --- | --- |
| | 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience.<br>**NSDL Mobile App is available on**<br>App Store Google Play |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.<br>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL**. Click on NSDL to cast your vote.<br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| Login type | Helpdesk details |
| --- | --- |
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

***Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.***

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to primekoss@hotmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote, Assistant Manager of NSDL at evoting@nsdl.co.in.

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to shares@filatex.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to shares@filatex.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at shares@filatex.com. The same will be replied by the company suitably.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

17. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 17.09.2021. **A person who is not a member as on the cut-off date should treat this Notice for information purpose only.**

18. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2021 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or admin@mcsregistrars.com.

19. A 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through VC/OAVM.

    However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30 . In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 17.09.2021 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

20. Mr. K.O.Siddiqui, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the Remote e-voting process and e-Voting at AGM through VC/OAVM in a fair and transparent manner.

21. The Scrutinizer, after the conclusion of voting at the meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, and submit to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

22. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to stock exchanges.

# Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 ("Act")

## ITEM NO. 4

The Board, on the recommendation of the Audit Committee, in its meeting held on 22nd April, 2021 has approved the appointment and remuneration of the Cost Auditors, **M/s Bahadur Murao & Co.,** to conduct the audit of the cost records of the Company for the Financial Year ending 31st March 2022. In accordance with the provisions of Section 148 of the Companies Act, 2013, and rules made thereunder, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31st March 2022 as set out at Item No. 4 by passing an Ordinary Resolution.

Your Directors recommend passing of the Resolutions at Item No. 4 as an ORDINARY RESOLUTION.

None of the Directors of the Company, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in this resolution.

## ITEM NO. 5

As per terms of latest sanction term and conditions of the Bankers of the Company, the Company is required to bring equity capital to service its existing unsecured loans, therefore it is proposed to issue **28,00,000 Equity Shares** of ₹ 2 each at an exercise price of ₹ 95 per Share on preferential basis to the persons belonging to promoter group as set out in the said Resolutions.

Subject to the approval of the members of the Company in the ensuing Annual General Meeting, the Board of Directors of the Company at their meeting held on 25th August, 2021 approved the issue of **28,00,000 Equity shares** of ₹ 2 each to persons belonging to promoter group as set in the resolution, on a preferential basis for cash.

The Exercise price of issue of Equity Shares shall be ₹ 95 per share (including premium of ₹ 93 per share) is higher than the price determined in accordance with Chapter V of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 as amended.

The Relevant date for the purpose of calculating the exercise price of the Equity Shares is 25th August, 2021 i.e. 30 days prior to the date of the ensuing Annual General Meeting to be held on 24th September, 2021.

**Disclosures which are required to be given in the Explanatory Statement to the Notice of General Meeting in terms of Regulation 163 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended as on the date of this Notice are given below:**

i) **Objects of the Preferential Issue**

The proceeds of this issue will be utilized to service the Company's existing unsecured loans and / or for other general corporate purposes of the Company.

ii) **Maximum number of specified securities to be issued**

**28,00,000 fully paid up equity shares** of the company of the face value of ₹ 2 each

iii) **Intention of Promoters/Directors/Key Managerial persons to subscribe to the Offer**

The Promoters/ Directors/Key Managerial Persons don't intend to subscribe any equity shares in the proposed issue. However relatives of Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria and Shri Madhav Bhageria (Promoters/ Directors/Key Managerial Persons) have agreed to subscribe 3,10,631 equity shares in the proposed issue. Two promotor group Companies have agreed to subscribe 24,89,369 equity shares in the proposed issue.

iv) **Shareholding pattern before and after the preferential issue**

The pre issue Shareholding Pattern based on the subscribed Share Capital of the Company as on 20.08.2021 and the post issue Shareholding Pattern, on the assumption that all proposed Equity Shares will be allotted, are as follows:

| Category | Pre issue shareholding | | Post issue shareholding | |
|---|---|---|---|---|
| | No. of Equity Shares | % of total capital | No. of Equity Shares | % of total capital |
| **A. Promoters & Promoter Group** | | | | |
| Azimuth Investments Limited | 1,73,49,082 | 7.80 | 1,86,50,000 | 8.28 |
| Nouvelle Securities Private Limited | 1,14,18,450 | 5.13 | 1,26,06,901 | 5.60 |
| Gunjan Bhageria | 47,03,474 | 2.11 | 48,75,202 | 2.16 |
| Shefali Bhageria | 43,38,500 | 1.95 | 44,08,202 | 1.96 |

| Category | Pre issue shareholding | | Post issue shareholding | |
|---|---|---|---|---|
| | No. of Equity Shares | % of total capital | No. of Equity Shares | % of total capital |
| Vrinda Bhageria | 55,00,000 | 2.47 | 55,69,201 | 2.47 |
| Other promoters and Promoter Group | 10,07,24,430 | 45.28 | 10,07,24,430 | 44.71 |
| **Sub Total (A)** | **14,40,33,936** | **64.74** | **14,68,33,936** | **65.18** |
| **B. Public Shareholding** | | | | |
| **1. Institutions** | 99,47,005 | 4.47 | 99,47,005 | 4.42 |
| **Sub- Total (B)(1)** | **99,47,005** | **4.47** | **99,47,005** | **4.42** |
| **2. Non-Institutions** | | | | |
| Bodies Corporate | 1,49,15,745 | 6.70 | 1,49,15,745 | 6.62 |
| Directors and relatives | 3,93,270 | 0.18 | 3,93,270 | 0.17 |
| Other Indian Public | 3,85,72,652 | 17.34 | 3,85,72,652 | 17.12 |
| NRI | 4,23,862 | 0.19 | 4,23,862 | 0.19 |
| IEPF | 8,81,020 | 0.40 | 8,81,020 | 0.39 |
| Clearing Members | 4,13,948 | 0.19 | 4,13,948 | 0.18 |
| Foreign Corporate Bodies | 76,53,926 | 3.44 | 76,53,926 | 3.40 |
| LLP | 1,71,936 | 0.08 | 1,71,936 | 0.08 |
| HUF | 50,57,950 | 2.27 | 50,57,950 | 2.25 |
| **Sub-Total (B)(2)** | **6,84,84,309** | **30.78** | **6,84,84,309** | **30.40** |
| **Total Public Shareholding (B)** | **7,84,31,314** | **35.36** | **7,84,31,314** | **34.82** |
| **TOTAL (A+B)** | **22,24,65,250** | **100.00** | **22,52,65,250** | **100.00** |

**v) Proposed time within which the allotment shall be completed**

The equity shares shall be allotted within 15 days from the date of passing of the Resolutions by the Members or within 15 days from the date of approval of regulatory authority if any, whichever is later.

**vi) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them**

| Category | Pre issue holding | | No. of Equity Shares proposed to be issued | Post issue holding | |
|---|---|---|---|---|---|
| | No. of Equity Shares | % of total Capital | | No. of Equity Shares | % of total Capital |
| Azimuth Investments Limited* | 1,73,49,082 | 7.80 | 13,00,918 | 1,86,50,000 | 8.28 |
| Nouvelle Securities Private Limited* | 1,14,18,450 | 5.13 | 11,88,451 | 1,26,06,901 | 5.60 |
| Gunjan Bhageria | 47,03,474 | 2.11 | 1,71,728 | 48,75,202 | 2.16 |
| Shefali Bhageria | 43,38,500 | 1.95 | 69,702 | 44,08,202 | 1.96 |
| Vrinda Bhageria | 55,00,000 | 2.47 | 69,201 | 55,69,201 | 2.47 |

*** the identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control of the proposed allottee companies is as under.**

Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria and Shri Madhav Bhageria, Promoter Directors of the Company and their immediate relatives, Mrs. Anu Bhageria, Mrs. Shefali Bhageria, Mrs. Gunjan Bhageria, Ms. Vrinda Bhageria, Mr. Vedansh Bhageria and Mr. Yaduraj Bhageria have jointly ultimate beneficial ownership / control over Azimuth Investments Limited and Nouvelle Securities Private Limited.

**vii) Auditor's certificate**

A certificate from **M/s Arun K. Gupta & Associates** and **M/s R.N. Marwah & Co. LLP,** being the Statutory Auditors of the Company, certifying that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2018 as amended shall be placed before the meeting of the Members.

**viii) Lock in**

The equity shares allotted shall be locked in for a period of three years from the date of trading approval of equity shares allotted in accordance with Chapter V of SEBI (Issue of Capital and Disclosure Requirements), 2018 as amended.

The equity shares, if any, already held by the proposed allottees shall be under lock-in from the relevant date upto a period of six months from the date of trading approval.

**ix) Consequential changes in the voting rights**

There will be no consequential change in the Board of Directors or control over the Company. The Voting rights will change in accordance with the Shareholding Pattern.

**x) Undertaking**

- None of the Company, its Directors or Promoter have been declared as willful defaulter as defined under the SEBI ICDR Regulations. None of its Directors or Promoter is a fugitive economic offender as defined under the SEBI ICDR Regulations.
- The Company is eligible to make the Preferential Allotment to its Promoter under Chapter V of the SEBI ICDR Regulations.
- As the Ordinary Shares have been listed for a period of more than twenty-six weeks as on the Relevant Date, the provisions of Regulation 164(3) of SEBI ICDR Regulations governing re-computation of the price of shares shall not be applicable

**xi) Other disclosures**

- Issue of the said Shares would be well within the Authorised Share Capital of the Company.
- The proposed allottee or any Company in the Promoter group have not sold or transferred any Shares during the six months preceding the relevant date.
- Report of registered valuer is not required under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014 for the proposed Preferential Issue.
- The Company has not made any preferential allotment during the last one year.

Section 62(1)(a) of the Companies Act, 2013 and the Listing Agreement executed by the Company with the Stock Exchanges provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in said Section unless the Members decide otherwise. Since the Special Resolution proposed may result in issuing of Equity Shares of the Company otherwise than to the existing members of the Company, therefore, the consent of the Members, is being sought pursuant to the provisions of Section 62(1)(c) and all other applicable provisions, if any of the Companies Act, 2013 and SEBI ICDR regulations.

Your Directors recommend passing of above Resolutions as a SPECIAL RESOLUTION.

Except Shri Madhu Sudhan Bhageria, Shri Purrshottam Bhaggeria, Shri Madhav Bhageria and their relatives, none of the Directors of the Company, and Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested, financially or otherwise in the said Resolution.

By Order of the Board of Directors
For **Filatex India Limited**

**Raman Kumar Jha**
Company Secretary

**Place:** New Delhi
**Date:** 25th August, 2021

**Registered office:**
Survey No.274, Demni Road, Dadra
(U.T. of Dadra & Nagar Haveli) 396 193
Phone no. 260-2668343/8510
Fax No.260-2668344
Email: fildadra@filatex.com
Website: filatex.com
CIN: L17119DN1990PLC000091

**Other Details required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 in respect of Director Retiring by rotation of Shri Madhav Bhageria, Joint Managing Director & CFO are as under:**

| **Name of Director** | **Shri Madhav Bhageria** |
|---|---|
| Age (Years) | 57 |
| Qualifications | B.Com (Hons) from Hindu College, Delhi University, Delhi |
| Date of Appointment | 30-07-2003 |
| Expertise in specific functional areas/ Experience | Promoter Director,<br>36 years of rich experience in marketing, operations, insurance and contracts<br>Guiding the finance team in his role as CFO |
| Directorship in Indian Companies | **Listed Company**<br>Filatex India Limited<br><br>**Unlisted Company**<br>Fabiola Farms & Dairy Products Pvt Ltd<br>Abhiruchi Fashion Garments Pvt Ltd<br>Galadiator Chemicals Pvt. Ltd<br>Gunjan Communications And Electronics Pvt Ltd<br>Tosca Electronics Pvt Ltd<br>Cardiobionic India Pvt Ltd<br>Dahej Energy Pvt Ltd<br>Sunkon Energy Pvt Ltd<br>Sky Scraper Constructions And Developers Pvt Ltd<br>Rajasthan Tilters Limited<br>Shah Poddar Nihlani Organisers Pvt Ltd<br>Dabonaire Real Estate & Investment Pvt Ltd<br>Animate Infrastructure Pvt Ltd<br>Drivers Range Multiplex Pvt Ltd<br>Tapti Valley Education Foundation |
| Chairman/Member of the committees of the Board of the Companies on which he is a Director | Filatex India Limited<br>Member- Corporate Social Responsibility Committee |
| Shares held in the Company | 2,19,24,798 |
| Relationship with Directors /KMP | Only related to Shri Madhu Sudhan Bhageria, Chairman & Managing Director and Shri Purrshottam Bhaggeria, Joint Managing Director of the Company. |
| Four Board Meetings held during the year 2020-21 | All meetings attended |