



*Filatex Fashions Ltd.*

***Annual report***

**2019 - 2020**



## **CORPORATE INFORMATION**

**Mr. Prabhat Sethia**

Managing Director

**Mr. Sanjay Ishwarlal Bora**

Director

**Mr. Raghu Raj**

Director

**Sangeeta Sethia**

Director

**V. Raghu Ram**

Director

**M. Krishna Rao**

Director

**OM Prakash Sharma**

Director

**Registered Office**

May Fair Gardens, 8-2-682/3/A & 3B, Flat No. 201  
2nd Floor, Road no.12. Banjara Hills, Hyderabad.  
Pin: 500034, Telangana.

**Works**

Plot No.1, Sy. No.42, Alinagar Chetla Potharam Village,  
Jeeneram Mandal, Medak District.

**Bankers**

Karur Vysya Bank & Kotak Mahindra Bank

**Auditors**

M/s. C.M.T & Associates,  
Chartered Accountants, Hyderabad.

**Registrars and Share Transferors**

M/s. Link Intime (India) Pvt Ltd.,  
C-101, 247 Park, LBS Marg,  
Vikhroli (W), Mumbai - 400083



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**Mr. PRABHAT SETHIA**  
**Managing Director**

- A Commerce graduate
- Hails from a renowned business family from Kolkata
- Started Filatex Fashions Ltd in 1997
- Later shifted his business to Hyderabad
- Skillfully guided the company's growth strategy
- Enrich the technical aspects of the business



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Infrastructure



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Infrastructure

Italian, Korean  
&  
Chinese technologies





# Filatex Fashions Ltd.

CIN: L51491TG1994PLC017158

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

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

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

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of FILATEX FASHIONS LIMITED (CIN: L51491TG1994PLC017158) will be held at 10.30. a.m. on **Wednesday, the 30th day of December 2020** to transact the following: 23

## ORDINARY BUSINESS:

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

### 1. To receive, consider and adopt the Financial Statement of the Company for the financial year ended March 31, 2020 :

To receive consider and adopt the Audited Balance Sheet as at 31st March, 2020, Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Auditors and Directors thereon.

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

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

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

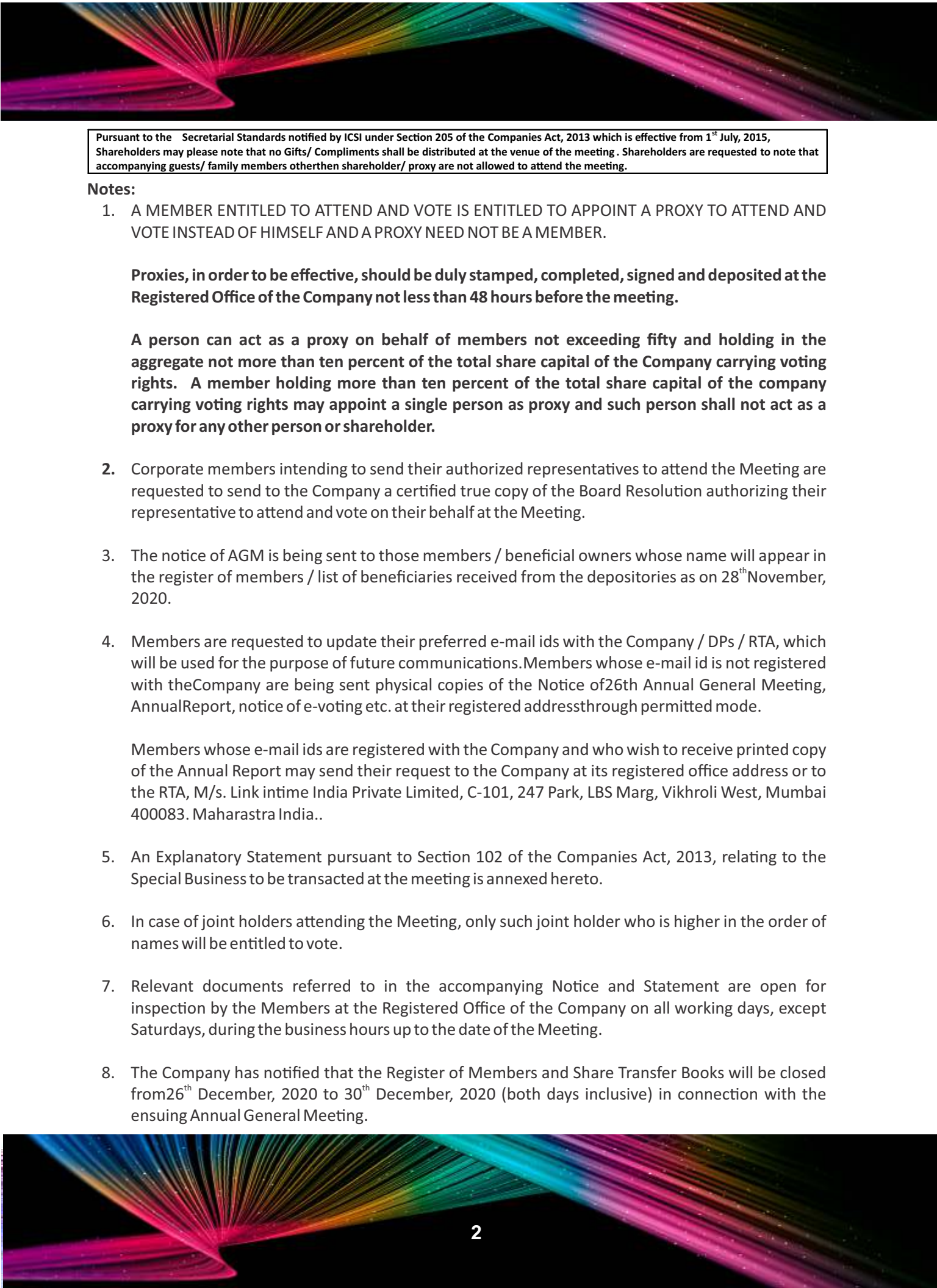
Hyderabad,  
02nd December.2020

Prabhat Sethia (DIN 00699415)  
Managing Director

### Registered office:

My Fair Gardens,  
8-2-682/3/A & 3B Flat No 201,  
2nd Floor, Road No 12, Banjara Hills  
Hyderabad TG 500034  
Tel: 040-667948931,





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

**Notes:**

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

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

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

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The notice of AGM is being sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on 28<sup>th</sup> November, 2020.
4. Members are requested to update their preferred e-mail ids with the Company / DPs / RTA, which will be used for the purpose of future communications. Members whose e-mail id is not registered with the Company are being sent physical copies of the Notice of 26<sup>th</sup> Annual General Meeting, Annual Report, notice of e-voting etc. at their registered address through permitted mode.

Members whose e-mail ids are registered with the Company and who wish to receive printed copy of the Annual Report may send their request to the Company at its registered office address or to the RTA, M/s. Link Intime India Private Limited, C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai 400083. Maharashtra India..

5. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice and Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during the business hours up to the date of the Meeting.
8. The Company has notified that the Register of Members and Share Transfer Books will be closed from 26<sup>th</sup> December, 2020 to 30<sup>th</sup> December, 2020 (both days inclusive) in connection with the ensuing Annual General Meeting.

9. In terms of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, will be transferred as per the details mentioned below to the Investor Education and Protection Fund (IEPF). Since the members who have not encashed their dividend warrant for respective financial years, are requested to write to the Company/Registrar and Share Transfer Agents before said below due date

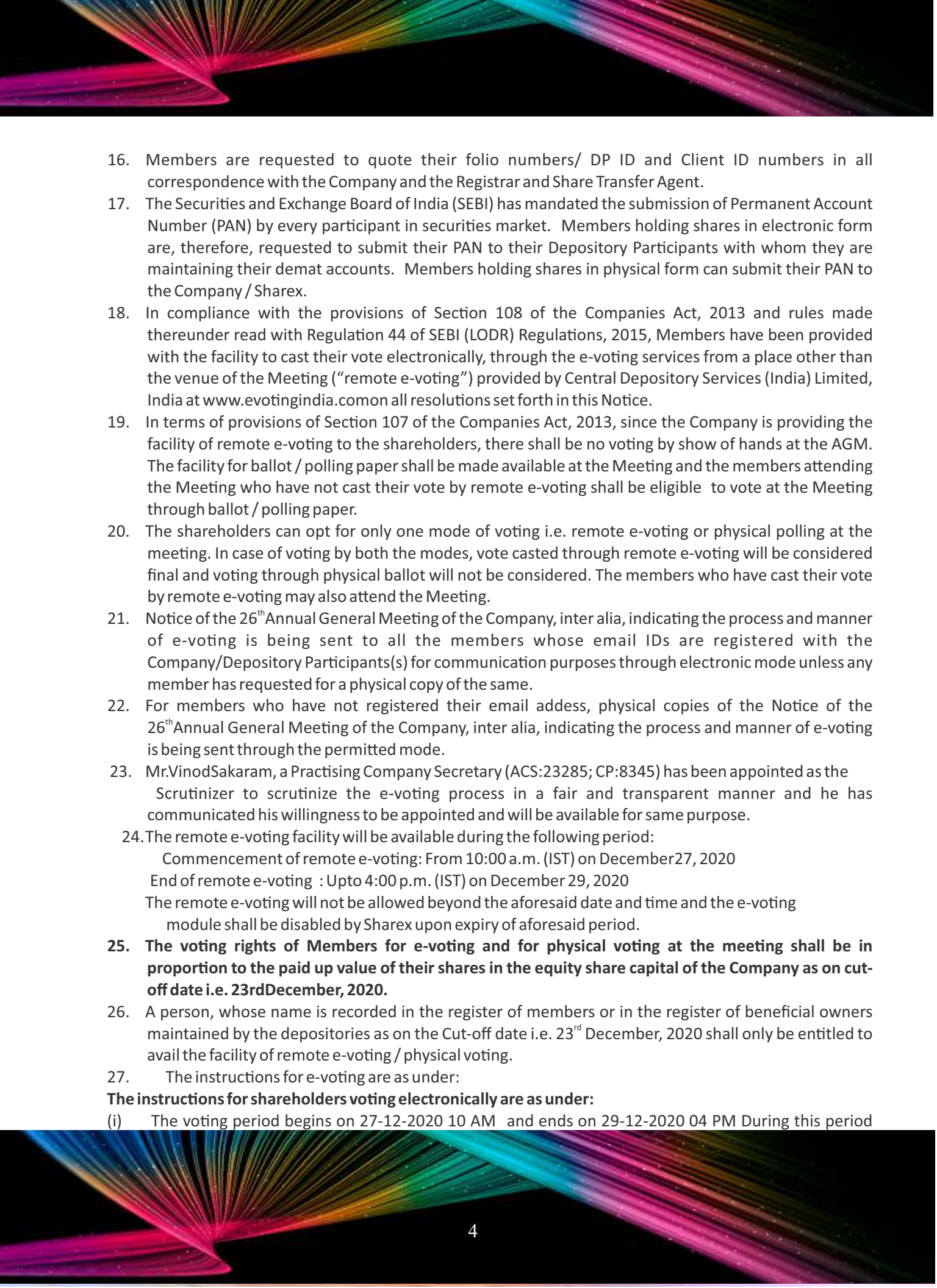
| S.No. | Details of the Unpaid Dividend Accounts | Date of declaration | Due date to transfer to IEPF |
|-------|-----------------------------------------|---------------------|------------------------------|
| 1     | Unpaid Dividend A/c 2012-13             | Nil                 | Nil                          |
| 2     | Unpaid Dividend A/c 2013-14             | Nil                 | Nil                          |
| 3     | Unpaid Dividend A/c 2014-15             | Nil                 | Nil                          |
| 4     | Unpaid Dividend A/c 2015-16             | Nil                 | Nil                          |
| 5     | Unpaid Dividend A/c 2016-17             | Nil                 | Nil                          |
| 6     | Unpaid Dividend A/c 2017-18             | Nil                 | Nil                          |
| 7     | Unpaid Dividend A/c 2018-19             | 21-10-2019          | 23-12-2026                   |

10. Details of Unclaimed Shares:

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

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



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16. Members are requested to quote their folio numbers/ DP ID and Client ID numbers in all correspondence with the Company and the Registrar and Share Transfer Agent.
  17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Sharex.
  18. In compliance with the provisions of Section 108 of the Companies Act, 2013 and rules made thereunder read with Regulation 44 of SEBI (LODR) Regulations, 2015, Members have been provided with the facility to cast their vote electronically, through the e-voting services from a place other than the venue of the Meeting ("remote e-voting") provided by Central Depository Services (India) Limited, India at [www.evotingindia.com](http://www.evotingindia.com) on all resolutions set forth in this Notice.
  19. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM. The facility for ballot / polling paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be eligible to vote at the Meeting through ballot / polling paper.
  20. The shareholders can opt for only one mode of voting i.e. remote e-voting or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the Meeting.
  21. Notice of the 26<sup>th</sup> Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same.
  22. For members who have not registered their email address, physical copies of the Notice of the 26<sup>th</sup> Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.
  23. Mr.VinodSakaram, a Practising Company Secretary (ACS:23285; CP:8345) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
  24. The remote e-voting facility will be available during the following period:  
Commencement of remote e-voting: From 10:00 a.m. (IST) on December 27, 2020  
End of remote e-voting : Upto 4:00 p.m. (IST) on December 29, 2020  
The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Sharex upon expiry of aforesaid period.
  25. **The voting rights of Members for e-voting and for physical voting at the meeting shall be in proportion to the paid up value of their shares in the equity share capital of the Company as on cut-off date i.e. 23rd December, 2020.**
  26. 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 i.e. 23<sup>rd</sup> December, 2020 shall only be entitled to avail the facility of remote e-voting / physical voting.
  27. The instructions for e-voting are as under:  
**The instructions for shareholders voting electronically are as under:**
    - (i) The voting period begins on 27-12-2020 10 AM and ends on 29-12-2020 04 PM During this period

shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23<sup>rd</sup> December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

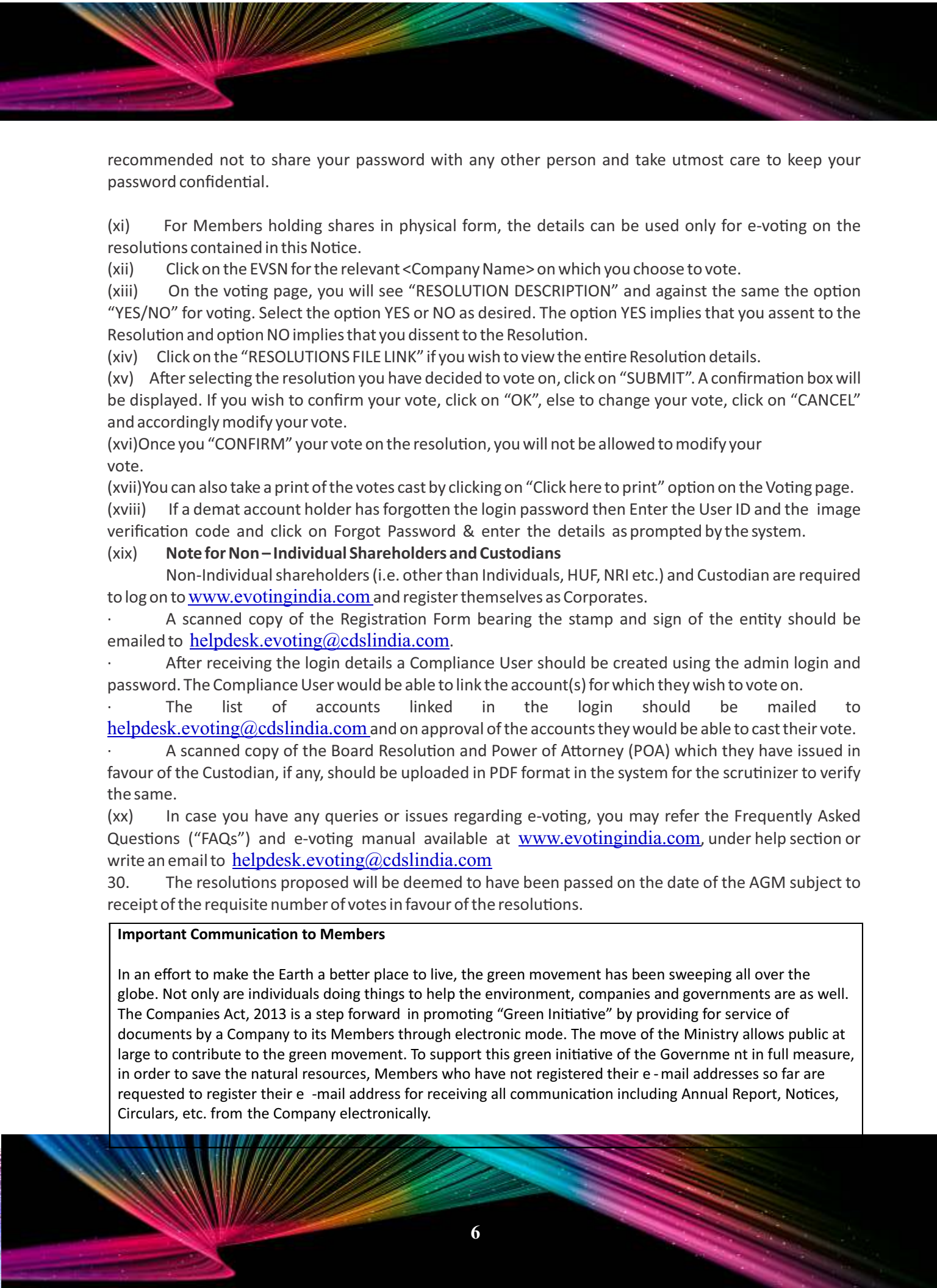
(viii) If you are a first time user follow the steps given below:

· If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

|                                                        | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PAN                                                    | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>· Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>· In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| Dividend Bank Details<br><b>OR</b> Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>· If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>                                                                                                                                                                                                                                                                                          |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly



recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

30. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.

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

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



## Details of Directors seeking re-appointment in the forthcoming Annual General Meeting

(Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015)

|                                                                                             |                                                                                               |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <b>Name of the Director</b>                                                                 | <b>SETHIA SANGEETA</b>                                                                        |
| <b>Date of Birth</b>                                                                        | 31-12-1964                                                                                    |
| <b>Date of Appointment</b>                                                                  | 31-03-2015                                                                                    |
| <b>Qualification</b>                                                                        | Graduate                                                                                      |
| <b>Expertise in specific functional area</b>                                                | Since is 1994 she is engaged with this Company as promoter of the Company Industry Experience |
| <b>Directorship in other Indian Public Limited Companies</b>                                | Nil                                                                                           |
| <b>Chairman (C) / Membership(M) of Committees in other Indian Public Limited Companies*</b> | Nil                                                                                           |
| <b>No of shares held in the Company</b>                                                     | 11,92,015                                                                                     |
| <b>Relationship between Directors inter-se</b>                                              | Spouse of Mr. Prabhat Sethia, Managing Director                                               |

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

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

### ITEM NO. 2

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

Information about the Appointee:

Information about the Appointee:

SETHIA SANGEETA, Aged 55, Graduate in Commerce, has more than 25 years of rich experience in the field of Spinning industry. He is providing guidance and mentoring the management of the company to execute and implement future growth strategy.

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

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

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

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

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

Map showing Venue of AGM





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

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

Name of the company : FILATEX FASHIONS LIMITED

CIN : L51491TG1994PLC017158

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

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

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

| Item No.. | Particulars                                                                                                        | I assent to the Resolution | I dissent from the resolution |
|-----------|--------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------|
| 1.        | To receive, consider and adopt the Financial Statement of the Company for the financial year ended March 31, 2020: |                            |                               |
| 2.        | Re-appointment of MrsSangeeta Sethia(DIN: 02600900), as a Director liable to retire by rotation                    |                            |                               |

Place : Hyderabad

Date : 30th December ,2020

..... (Signature of shareholder)

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





**FILATEX FASHIONS LIMITED**

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

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

**ATTENDANCE SLIP**

26th Annual General Meeting of FILATEX FASHIONS LIMITED  
Regd. Office: MY FAIR GARDENS, 8-2-682/3/A & 3B, FLAT NO 201, 2ND FLOOR, ROAD NO 12 BANJARA HILLS, HYDERABAD – TELANGANA 500034 INDIA

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

I hereby record my presence at the 26th Annual General Meeting held at 1030. AM. on 30th December 2020, being held at registered office of the company.

Member's / Proxy's Signature

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



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

## PROXY FORM

|                       |  |
|-----------------------|--|
| Name of the Member(s) |  |
| Registered address    |  |
| Email ID              |  |
| Folio No. / Client ID |  |
| DP ID                 |  |

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

1.

|           |  |
|-----------|--|
| Name      |  |
| Address   |  |
| Signature |  |
| Email ID  |  |

failing him

2.

|           |  |
|-----------|--|
| Name      |  |
| Address   |  |
| Signature |  |
| Email ID  |  |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company to be held on, the 30th December 2020 at 10.30 AM. at the registered office of the Company at MY FAIR GARDENS, 8-2-682/3/A & 3B, FLAT NO 201, 2ND FLOOR, ROAD NO 12 BANJARA HILLS, HYDERABAD – TELANGANA 500034, and at any adjournment thereof in respect of such resolutions as are indicated below:

| S.No. | Item Particulars                                                                                                   |
|-------|--------------------------------------------------------------------------------------------------------------------|
| 1     | To receive, consider and adopt the Financial Statement of the Company for the financial year ended March 31, 2020. |
| 2     | Re-appointment of Mrs. Sangeeta Sethia (DIN: 02600900), as a Director liable to retire by rotation                 |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of Shareholder(s)

Affix  
Revenue  
Stamp



Signature of Proxy Holder(s)

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

## REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS TO SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2020.

Your Directors have pleasure in presenting their 26th Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March 2020.

### 1. Financials Results :

|                              | 31 March 2020 | 31 March 2019 |
|------------------------------|---------------|---------------|
| Profit Before Taxation       | 90,13,481     | 43,65,358     |
| Tax expense:                 |               |               |
| Current tax                  | 22,46,408     | 18,37,018     |
| Deferred tax                 | (50,676)      | (5,16,587)    |
| Profit/(loss) for the period | 68,17,749     | 30,44,927     |

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

### 2. DIVIDEND

As you are aware that the global spread of Covid-19 has brought about an unprecedented halt to the manufacturing activity in all the major economies of the World. The pandemic and lockdowns continue to adversely impact the business of your company and its overseas clients.

During this difficult time your Company has decided to conserve cash and cut costs wherever possible. The Board has therefore decided not to recommend a dividend this year.

### 3. OPERATIONS

The total turnover of the Company was Rs. 58.67 crores (previous year - Rs. 43.66 crores ). The profit before exceptional items and taxation was Rs 90,13,481/-.

### 4. DIVISIONAL PERFORMANCE

The Company operates in only one Business Operations

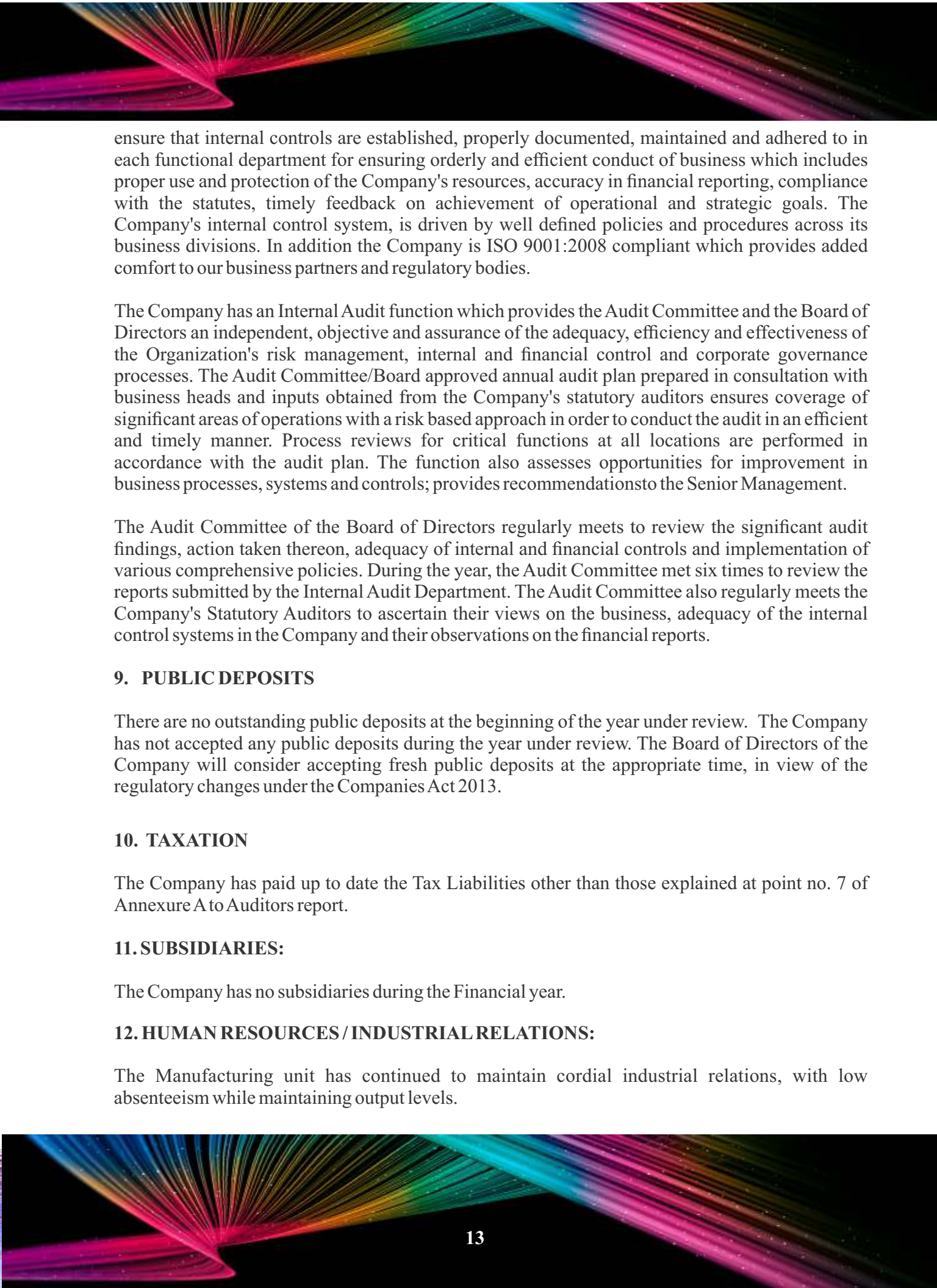
### 5. CAPITAL

The Company has increased its authorized capital to Rs.51.00 Crores and has converted warrants of 677,60,000 to equal number of equity shares during the financial year under consideration.

### 6. INTERNAL CONTROL SYSTEMS

Your Company has in place a robust Internal and Financial control systems which assists the Board and Management to fulfill business objectives, safeguards the shareholders' interest, financial transactions and company's assets. The primary objective of our internal control framework is to





ensure that internal controls are established, properly documented, maintained and adhered to in each functional department for ensuring orderly and efficient conduct of business which includes proper use and protection of the Company's resources, accuracy in financial reporting, compliance with the statutes, timely feedback on achievement of operational and strategic goals. The Company's internal control system, is driven by well defined policies and procedures across its business divisions. In addition the Company is ISO 9001:2008 compliant which provides added comfort to our business partners and regulatory bodies.

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

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

## **9. PUBLIC DEPOSITS**

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

## **10. TAXATION**

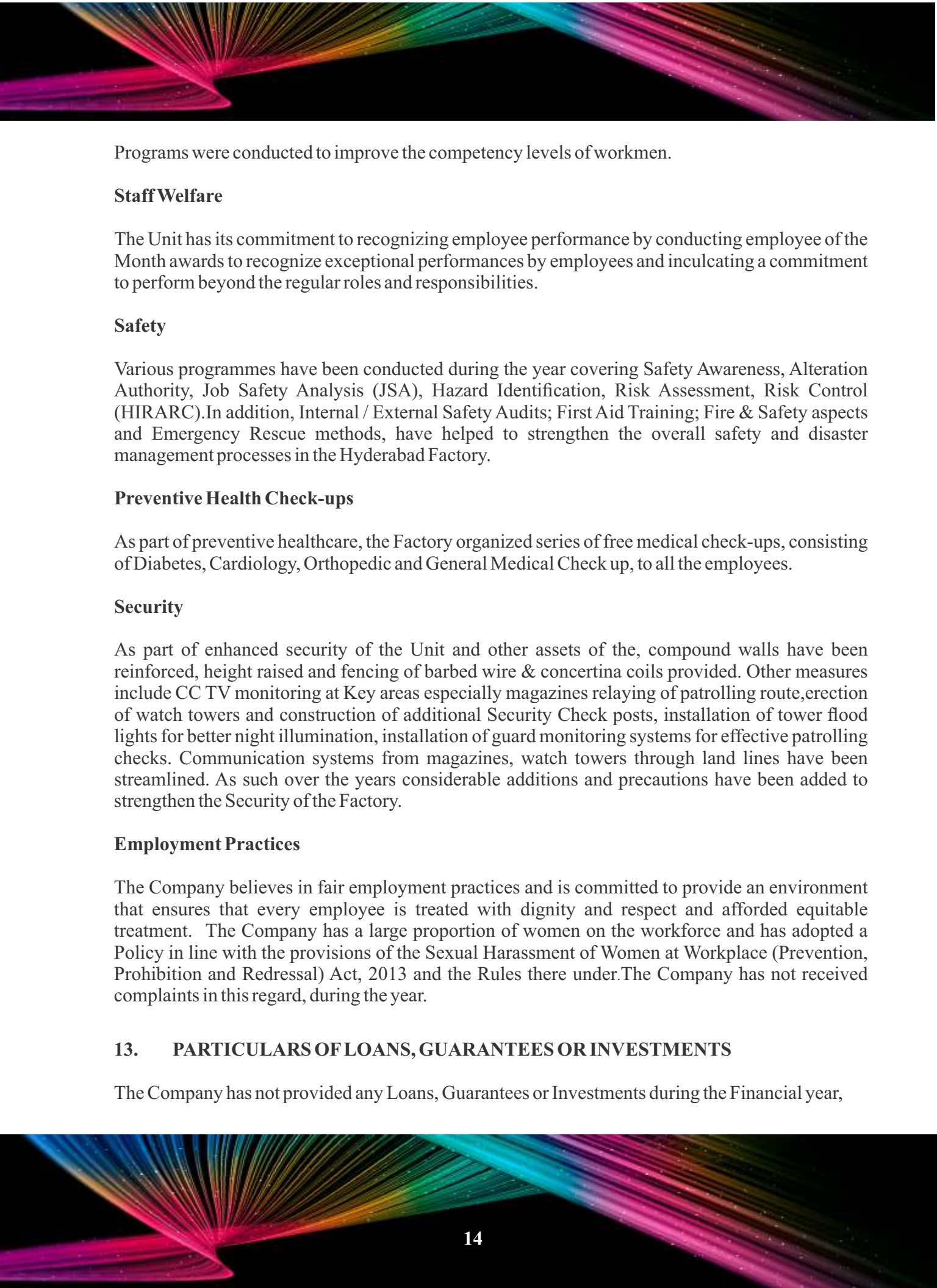
The Company has paid up to date the Tax Liabilities other than those explained at point no. 7 of Annexure A to Auditors report.

## **11. SUBSIDIARIES:**

The Company has no subsidiaries during the Financial year.

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

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



Programs were conducted to improve the competency levels of workmen.

### **Staff Welfare**

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

### **Safety**

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

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

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

### **Security**

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

### **Employment Practices**

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

## **13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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



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

### Overview of the Economy:

India's growth for July-September 2019 period fell to 4.5%, being the lowest of 11 years. The final figures of GDP at the end of the year are likely to be worse than expectation due to sharp contraction in economic activity in March'20 because of COVID-19.

India's merchandise exports of USD 314.31 billion this year are lower than USD 331.02 billion earned in previous year, registering negative growth of 4.78%. Exports are the main springs of fast growth of every healthy economy. One of the main reasons for decelerated growth of exports from India is high cost of production in India compared to many South Asian countries. In India land prices are high. There are higher rates of taxation, interest, electricity power, transport and logistics items. Due to these reasons, foreign customers prefer to do business in Vietnam, Indonesia and Malaysia compared to India. The same holds good for foreign investors also.

On May 12, the Prime Minister Narendra Modi announced Rs. 20 lakh crore Atmanirbhar Bharat (Self Reliant India) stimulus package, with slogan vocal for local to make it global. It aims at demand based economy system which is self producing and self consuming. The post COVID-19 revival package comprehensively covers all sectors of economy, with a major thrust to agriculture and MSMEs. 29% of India's GDP and 30% of India's export sales are contributed by MSMEs and hence they play important role in Indian economy. The package is expected to revive the economy devastated by the pandemic, build resilience in the system to cope up with such shocks, and boost the economy to achieve double digit growth rate over a period of 10 year.

### Industry Structure and Development

The textile industry, which includes yarn, fabrics, garments and hosiery items etc, continues to be the second largest employer after agriculture. India is amongst the few countries, in the world which have manufacturing facilities across the entire value chain from fibre to garments. Besides there is ample availability of cotton, polyester, nylon and other raw materials in India normally used by textile industry.

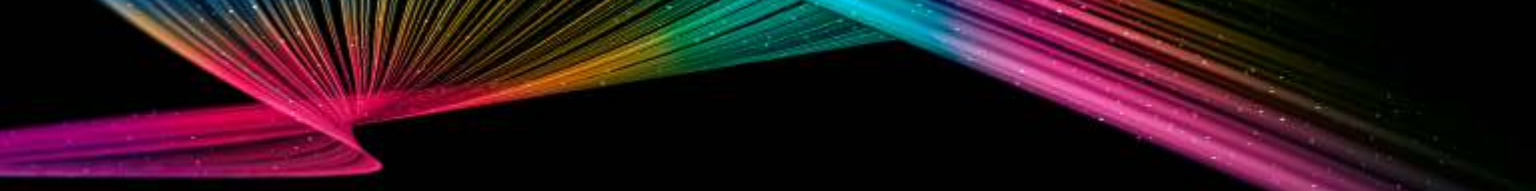
Export of textiles including hosiery items earns the highest percentage of foreign earnings, as import component in cost is very less.

Despite availability of resources, and important role that textile industry plays in Indian economy, the performance of the industry has been by and large lackluster since some years.

In domestic business, there is unhealthy price competition between goods of organized and unorganized sectors, to the disadvantage of organized sector. Also there is dumping of cheap Chinese goods posing tough competition to indigenous goods having much better quality.

The exporters from India to the European countries entail a 10.6% import duty, which is not applicable to underdeveloped countries like Vietnam, Sri Lanka and Bangladesh. This also applies





to Turkey as they fall under the EU. This is forcing Indian suppliers to reduce prices.

## **Opportunities**

There are strong indications that United States of America and Japan are calling back their industrial units based in China and relocating them in other peaceful countries like India. If India seizes, full or part of this opportunity to its advantage, it will increase employment and boast the Indian economy.

There are also indications that many countries world over are seriously thinking to stop purchasing from China and find alternate sources of supply. India can get sizable portion of this business. In short India can get additional export business and will be free from the hassles of cheap price competition.

Your Company has received “Udyam Registration Certificate” from Government of India, Ministry of Micro, Small and Medium Enterprises, where by your Company which was classified as “Large Enterprise” has been redefined as “Small Enterprise”.

The benefit expected to accrue consequent to the change in definition are as under:-

1. Due to the MSME registration, the bank loans become cheaper as the interest rate is very low around ~ 1 to 1.5%. Much lower than interest on regular loans.
2. There is various tax rebates offered to MSME.
3. It also allowed credit for minimum alternate tax (MAT) to be carried forward for up to 15 years instead of 10 years.
4. There are many government tenders which are only open to the MSME Industries.

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

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

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

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

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



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

### **Threats:**

Nationwide lockdown was imposed on 25th March 2020, when the manufacturing activities of your Company came to complete halt. This adversely impacted performance of last quarter of the year 2019-20.

Nationwide lockdown continued for five more weeks in 2020-21 creating sharp deterioration in economic activities of the company. The main clients of your Company are also facing the problem of spread of COVID-19. Therefore, there will be a deferment of some export orders and some reduction in quantities of orders going forward mainly from the Foreign market.

The situation may pose problem to the Company. But with deft handling of funds, emphasis on conserving cash and not much concern of liquidity for a few more months; the Company will overcome the threat of adverse economic situation.

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

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

## **15. DIRECTORS**

In accordance with the provisions of the Companies Act 2013 and the Articles of Association of the Company Mrs. Sangeetha Sethia retires by rotation at the 26th Annual General Meeting of the Company and is eligible for reappointment.

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

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

### **Familiarization Program for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights,



responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programs on a continuing basis. The Familiarization program for Independent Directors is disclosed on the Company's website.

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

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 14<sup>th</sup> Feb, 2020 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Clause 49 of the Listing Agreement. At the Meeting, the Independent Directors:

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

All the Independent Directors attended the Meeting of Independent Directors

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

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

The Criteria for performance evaluation are follows:

#### **Role & Accountability**

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

#### **Objectivity**

- Non-partisan appraisal of issues.



- 
- Own recommendations given professionally without tending to majority or popular views.

#### Leadership & Initiative

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

#### Personal Attributes

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

#### **Directors' Appointment and Remuneration Policy**

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

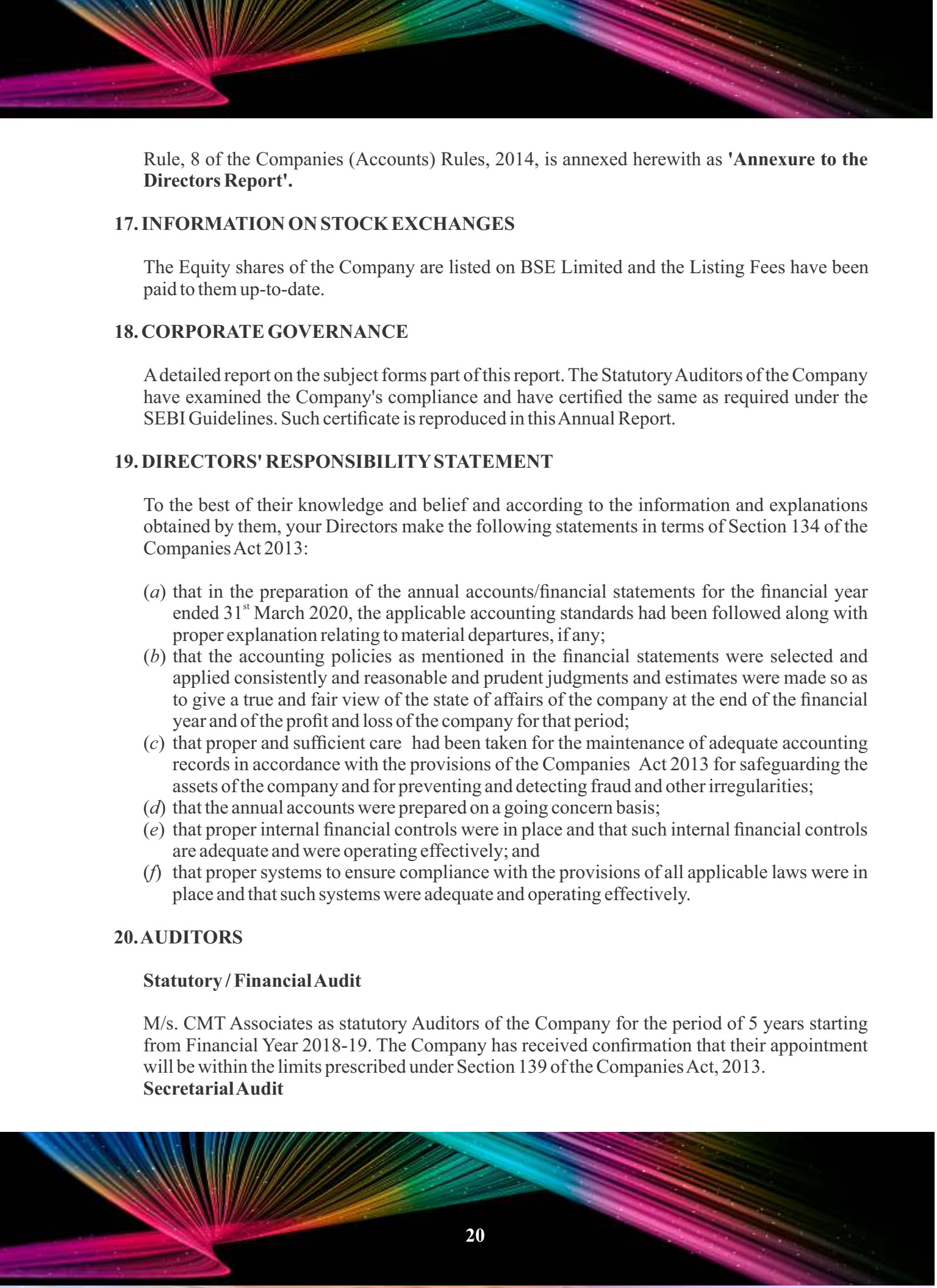
The Non-Executive Directors (NED) no sitting fee is paid to non-executive directors. NEDs are reimbursed any out of pocket expenses incurred by them in connection with the attendance of the Company's Meetings.

#### **PARTICULARS OF EMPLOYEES AND REMUNERATION**

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

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with



Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as '**Annexure to the Directors Report**'.

## **17. INFORMATION ON STOCK EXCHANGES**

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

## **18. CORPORATE GOVERNANCE**

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

## **19. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) that in the preparation of the annual accounts/financial statements for the financial year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) that the accounting policies as mentioned in the financial statements were selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts were prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- (f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## **20. AUDITORS**

### **Statutory / Financial Audit**

M/s. CMT Associates as statutory Auditors of the Company for the period of 5 years starting from Financial Year 2018-19. The Company has received confirmation that their appointment will be within the limits prescribed under Section 139 of the Companies Act, 2013.

### **Secretarial Audit**



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

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

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

## **22. RELATED PARTY TRANSACTIONS**

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

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

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

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

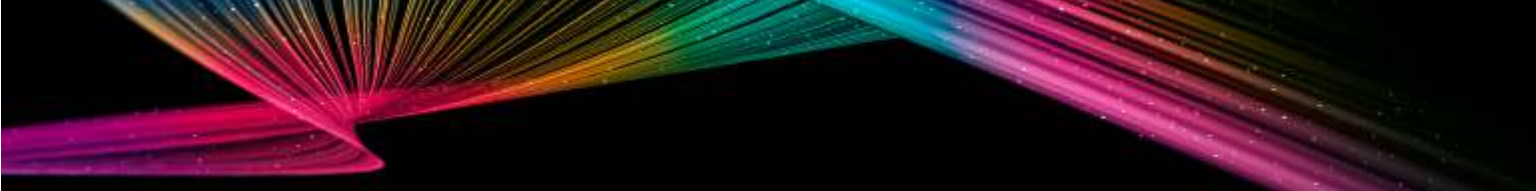
## **23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

## **24. EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is available at [www.filatexfashions.com/investors/download/extractsofannualreturn2020.pdf](http://www.filatexfashions.com/investors/download/extractsofannualreturn2020.pdf)





## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place :Hyderabad  
Date :02<sup>nd</sup> December 2020

PrabhatSethia  
**Managing Director**

## CAUTIONARYSTATEMENT

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

## REPORT ON CORPORATE GOVERNANCE

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

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

### 2. BOARD OF DIRECTORS

(A) Composition: The Board of Directors of the Company headed by a Non-executive Chairman consists of the following Directors as on 31<sup>st</sup> March, 2020 as indicated below:

|                                     |                         |
|-------------------------------------|-------------------------|
| <b>(i) Non-Executive Directors:</b> |                         |
| (a) Promoter Group                  | Mr. PrabhatSethia       |
|                                     | Mrs. SangeetaSethia     |
| (b) Independent                     | Mr. Sanjay I Bora       |
|                                     | Mr. Mutyala Krishna Rao |
|                                     | Mr. VallamSettyRaghuram |
|                                     | Mr. Om Prakash Sharma   |

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

| Name of the Director    | Number of Board Meetings Attended | Whether attended last AGM (21-10-2019) | Number of Memberships of other Board Committees * | Number of Chairmanships in other Board Committees* |
|-------------------------|-----------------------------------|----------------------------------------|---------------------------------------------------|----------------------------------------------------|
| Mr. PrabhatSethia       | 8                                 | YES                                    | 0                                                 | 0                                                  |
| Mrs. SangeetaSethia     | 8                                 | YES                                    | 0                                                 | 0                                                  |
| Mr. Sanjay I Bora       | 8                                 | YES                                    | 3                                                 | 1                                                  |
| Mr. Mutyala Krishna Rao | 8                                 | YES                                    | 2                                                 | 0                                                  |
| Mr. VallamSettyRaghuram | 8                                 | YES                                    | 1                                                 | 1                                                  |
| Mr. Om Prakash Sharma   | 8                                 | YES                                    | 3                                                 | 1                                                  |

#### Board Agenda

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

## Information placed before the Board

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

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

### D) Details of Board Meetings held during the Year 2019-20

| Date of the Meeting | Strength | No. of Directors Present |
|---------------------|----------|--------------------------|
| 30-05-2019          | 6        | 6                        |
| 08-08-2019          | 6        | 6                        |
| 14-08-2019          | 6        | 6                        |
| 03-09-2019          | 6        | 6                        |
| 21-09-2019          | 6        | 6                        |
| 23-10-2019          | 6        | 6                        |
| 14-11-2019          | 6        | 6                        |
| 14-02-2020          | 6        | 6                        |

### Code of Conduct

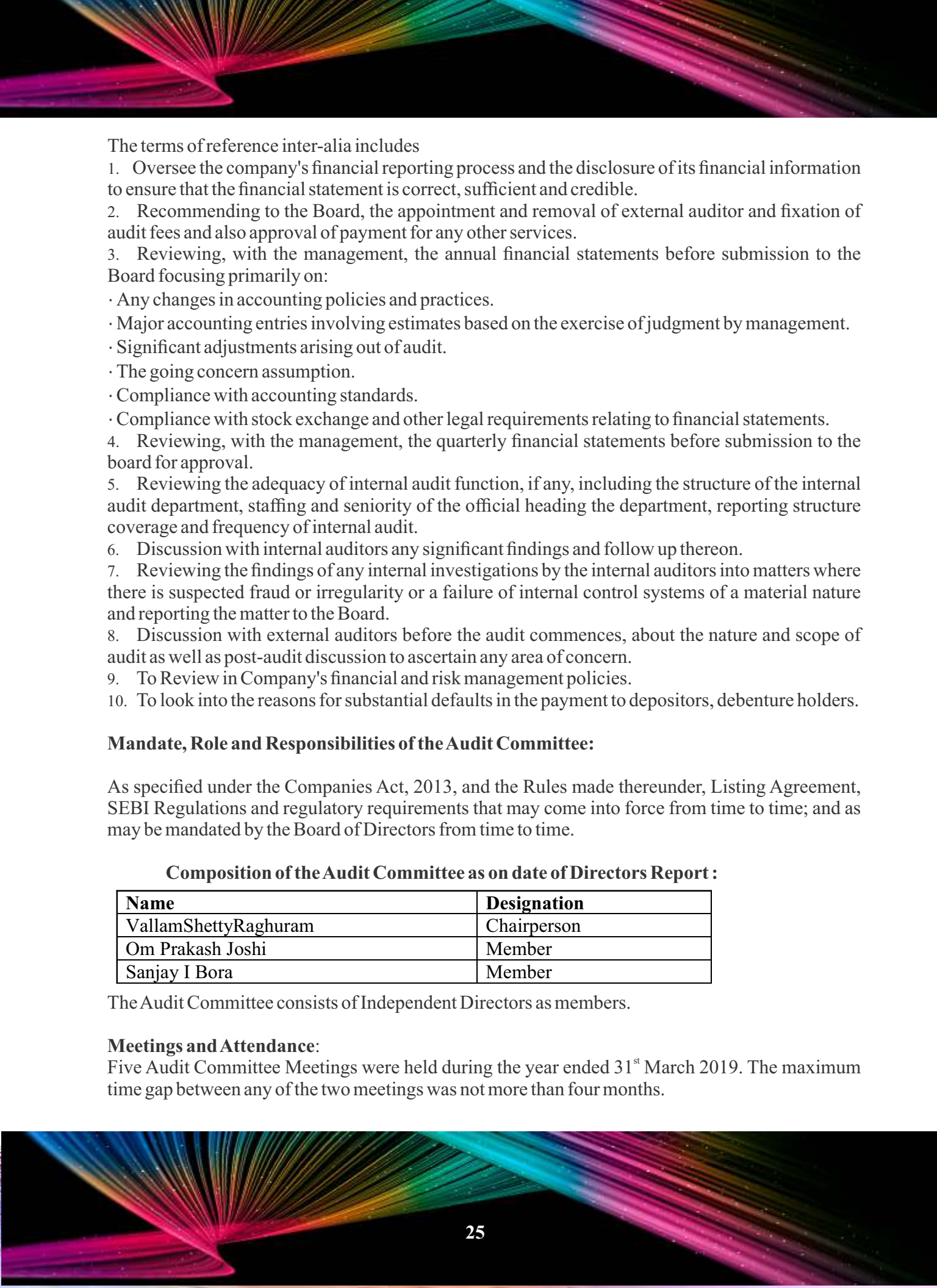
The Board has laid down Code of Conduct for its Directors and Senior Management of the Company. The Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended 31<sup>st</sup> March, 2019. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

## 3. AUDIT COMMITTEE

### Terms of reference:

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





The terms of reference inter-alia includes

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

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

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

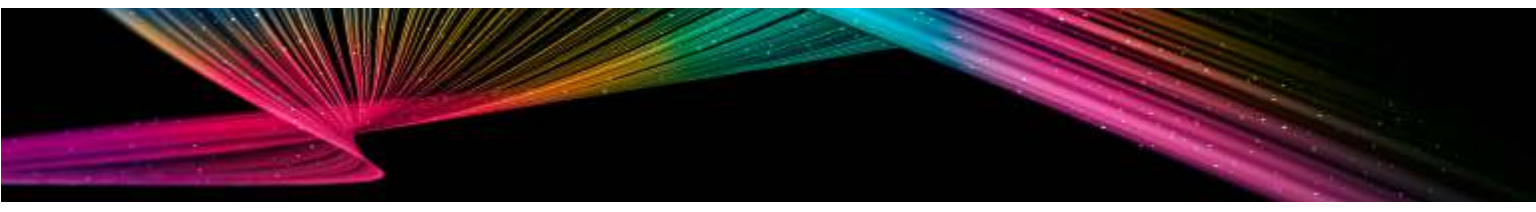
#### **Composition of the Audit Committee as on date of Directors Report :**

| <b>Name</b>          | <b>Designation</b> |
|----------------------|--------------------|
| VallamShettyRaghuram | Chairperson        |
| Om Prakash Joshi     | Member             |
| Sanjay I Bora        | Member             |

The Audit Committee consists of Independent Directors as members.

#### **Meetings and Attendance:**

Five Audit Committee Meetings were held during the year ended 31<sup>st</sup> March 2019. The maximum time gap between any of the two meetings was not more than four months.



Audit Committee Meetings held during the year 2019-20 and attendance details:

| Date of the Meeting | Committee Strength | No. of Directors present |
|---------------------|--------------------|--------------------------|
| 30-05-2019          | 3                  | 3                        |
| 08-08-2019          | 3                  | 3                        |
| 14-08-2019          | 3                  | 3                        |
| 03-09-2019          | 3                  | 3                        |
| 21-09-2019          | 3                  | 3                        |
| 23-10-2019          | 3                  | 3                        |
| 14-11-2019          | 3                  | 3                        |
| 14-02-2020          | 3                  | 3                        |

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

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

#### **4. NOMINATION & REMUNERATION COMMITTEE**

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

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

- Provide oversight on Strategic Human Capital issues.
- Search for, evaluate, shortlist and recommend the incumbent for the position of Managing Director and other Directors and their engagement terms to the Board.
- Evaluate and approve for appointment candidates recommended by Managing Directors for key senior positions.
- Review the Succession Plan for Critical Positions and suggest actions.
- Have the responsibility for setting the remuneration for the Managing Director and Whole Time Directors. Review remuneration for the Key Managerial Personnels of the Company. Remuneration in this context will include salary, and performance based variable component and any compensation payments, such as retiral benefits or stock options. Further to the above the following additions were made by Board at its meeting held on 8<sup>th</sup> May 2014.

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

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

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

| <b>Name</b>         | <b>Designation</b> |
|---------------------|--------------------|
| Sanjay I Bora       | Chairman           |
| Mutyala Krishna Rao | Member             |
| Om Prakash Joshi    | Member             |

### **Meetings and Attendance**

| <b>Date of the Meeting</b> | <b>Committee Strength</b> | <b>No. of Directors present</b> |
|----------------------------|---------------------------|---------------------------------|
| 30-05-2019                 | 3                         | 3                               |
| 08-08-2019                 | 3                         | 3                               |
| 14-08-2019                 | 3                         | 3                               |
| 03-09-2019                 | 3                         | 3                               |
| 21-09-2019                 | 3                         | 3                               |
| 23-10-2019                 | 3                         | 3                               |
| 14-11-2019                 | 3                         | 3                               |

### **Remuneration policy -**

#### **i) For Managing Director**

The total remuneration pursuant to shareholders approval consists of:

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

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

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

Managing Director is under contract of employment with the company with three months' notice



period from either side. There is no severance fee payable to the Executive Directors. The Company does not have any stock option scheme.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Composition:

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

### Meetings and Attendance

| Date of the Meeting | Committee Strength | No. of Directors present |
|---------------------|--------------------|--------------------------|
| 30-05-2019          | 3                  | 3                        |
| 08-08-2019          | 3                  | 3                        |
| 14-08-2019          | 3                  | 3                        |
| 03-09-2019          | 3                  | 3                        |
| 21-09-2019          | 3                  | 3                        |
| 23-10-2019          | 3                  | 3                        |
| 14-11-2019          | 3                  | 3                        |
| 14-02-2020          | 3                  | 3                        |

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

Number of Shareholders Complaints received during the year : 0

Solved to the satisfaction of the shareholders : 0

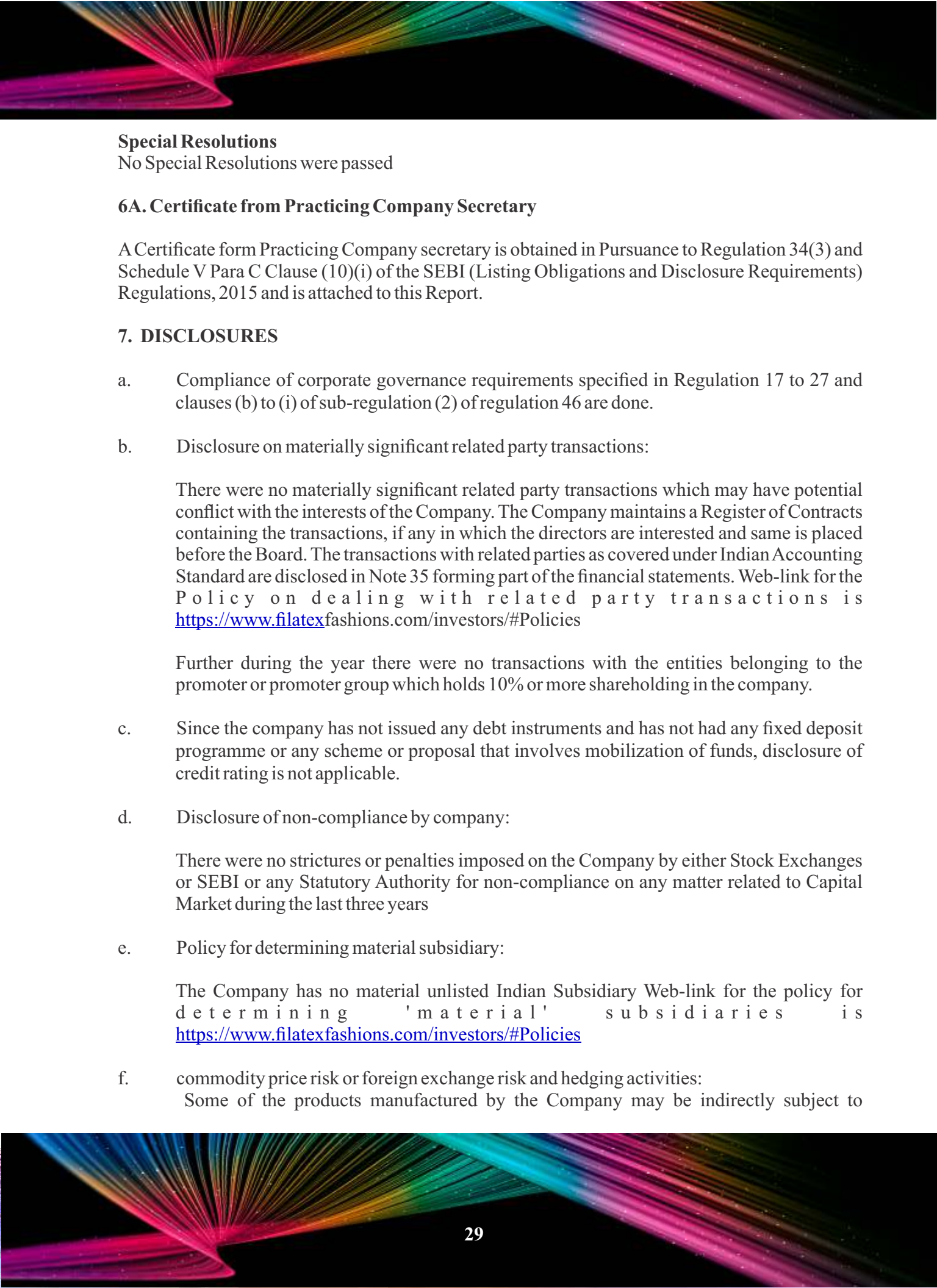
Number of pending Complaints : 0

AGM on 21-10-2019 and EGM on 09-09-2019.

## 6. GENERAL BODY MEETINGS

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

| Financial Year | Location of AGM                                                                                  | Date & Time AGM                                  |
|----------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 2018-19        | 8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034 | 21 <sup>st</sup> Day of October 2019 at 10:00 AM |
| 2017-18        | 8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034 | 24 <sup>th</sup> Day December, 2018 10:00 AM     |
| 2016-17        | 8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor, Road No.12 Banjara Hills Hyderabad 500034 | 29th day of December 2017 at 10:00 AM            |



## Special Resolutions

No Special Resolutions were passed

### 6A. Certificate from Practicing Company Secretary

A Certificate from Practicing Company secretary is obtained in Pursuance to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is attached to this Report.

## 7. DISCLOSURES

- a. Compliance of corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are done.
- b. Disclosure on materially significant related party transactions:

There were no materially significant related party transactions which may have potential conflict with the interests of the Company. The Company maintains a Register of Contracts containing the transactions, if any in which the directors are interested and same is placed before the Board. The transactions with related parties as covered under Indian Accounting Standard are disclosed in Note 35 forming part of the financial statements. Web-link for the Policy on dealing with related party transactions is <https://www.filatexfashions.com/investors/#Policies>

Further during the year there were no transactions with the entities belonging to the promoter or promoter group which holds 10% or more shareholding in the company.

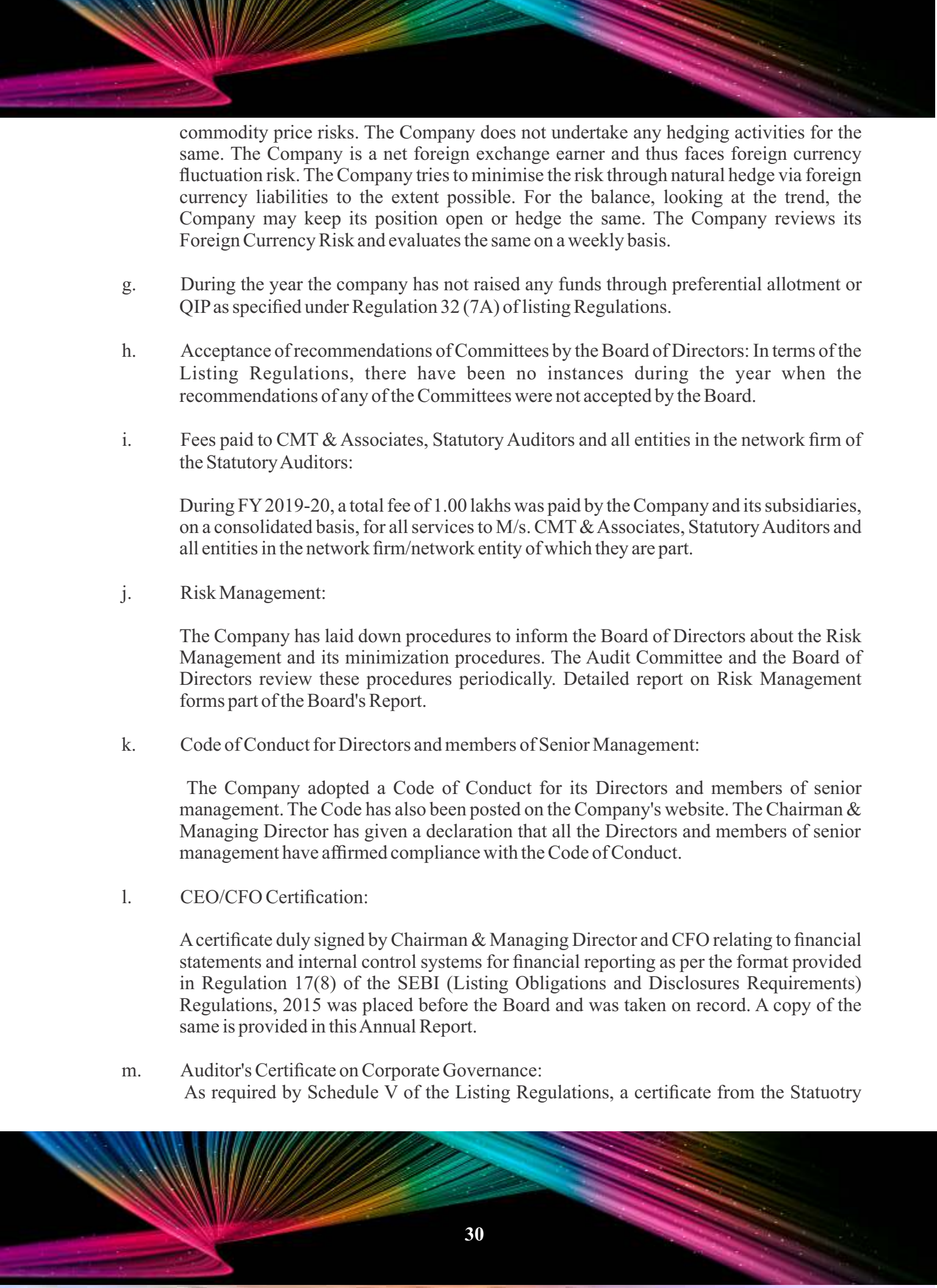
- c. Since the company has not issued any debt instruments and has not had any fixed deposit programme or any scheme or proposal that involves mobilization of funds, disclosure of credit rating is not applicable.
- d. Disclosure of non-compliance by company:

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

- e. Policy for determining material subsidiary:

The Company has no material unlisted Indian Subsidiary Web-link for the policy for determining 'material' subsidiaries is <https://www.filatexfashions.com/investors/#Policies>

- f. commodity price risk or foreign exchange risk and hedging activities:  
Some of the products manufactured by the Company may be indirectly subject to



commodity price risks. The Company does not undertake any hedging activities for the same. The Company is a net foreign exchange earner and thus faces foreign currency fluctuation risk. The Company tries to minimise the risk through natural hedge via foreign currency liabilities to the extent possible. For the balance, looking at the trend, the Company may keep its position open or hedge the same. The Company reviews its Foreign Currency Risk and evaluates the same on a weekly basis.

- g. During the year the company has not raised any funds through preferential allotment or QIP as specified under Regulation 32 (7A) of listing Regulations.
- h. Acceptance of recommendations of Committees by the Board of Directors: In terms of the Listing Regulations, there have been no instances during the year when the recommendations of any of the Committees were not accepted by the Board.
- i. Fees paid to CMT & Associates, Statutory Auditors and all entities in the network firm of the Statutory Auditors:

During FY 2019-20, a total fee of 1.00 lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services to M/s. CMT & Associates, Statutory Auditors and all entities in the network firm/network entity of which they are part.

- j. Risk Management:

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

- k. Code of Conduct for Directors and members of Senior Management:

The Company adopted a Code of Conduct for its Directors and members of senior management. The Code has also been posted on the Company's website. The Chairman & Managing Director has given a declaration that all the Directors and members of senior management have affirmed compliance with the Code of Conduct.

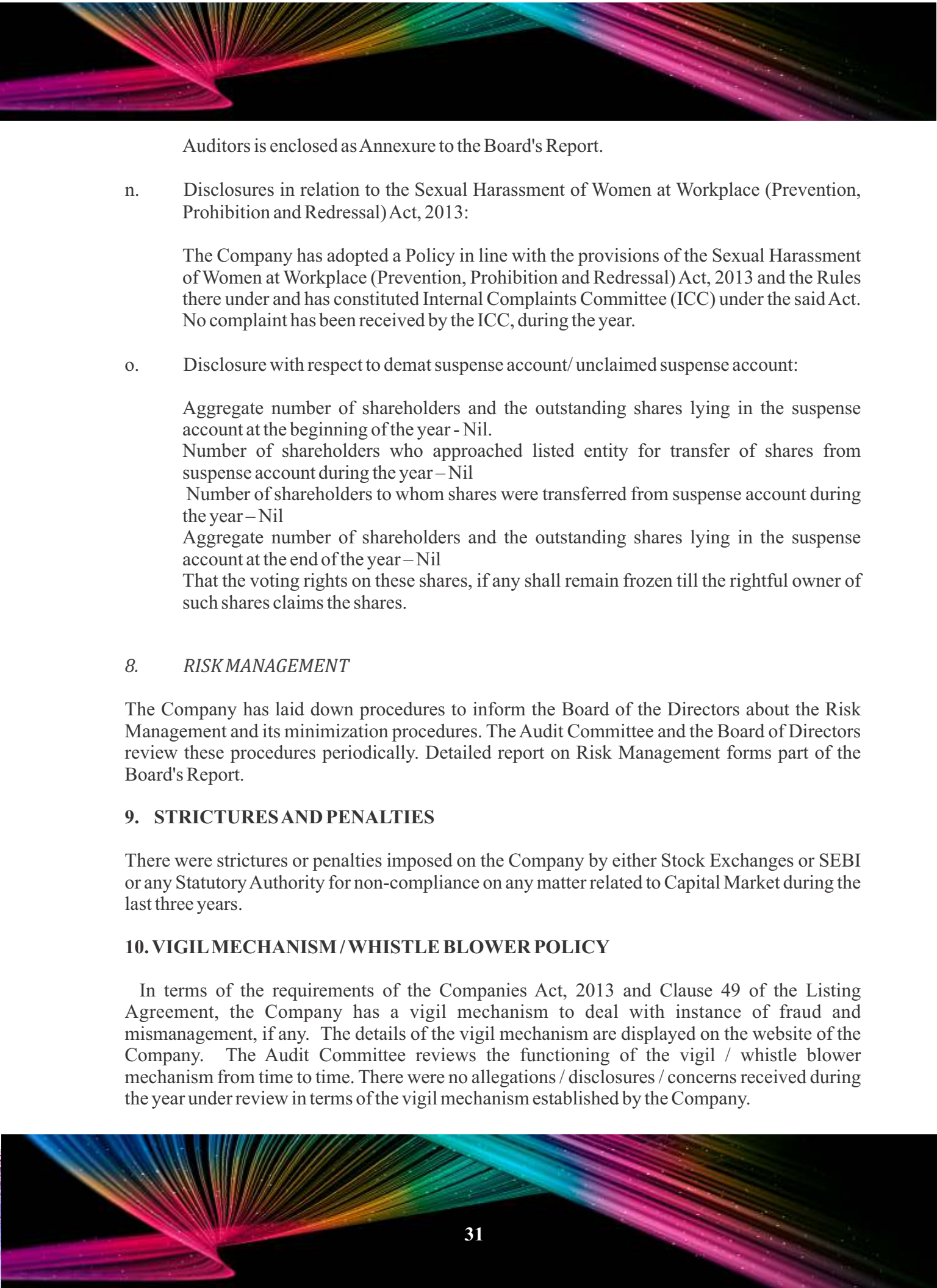
- l. CEO/CFO Certification:

A certificate duly signed by Chairman & Managing Director and CFO relating to financial statements and internal control systems for financial reporting as per the format provided in Regulation 17(8) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 was placed before the Board and was taken on record. A copy of the same is provided in this Annual Report.

- m. Auditor's Certificate on Corporate Governance:

As required by Schedule V of the Listing Regulations, a certificate from the Statutory





Auditors is enclosed as Annexure to the Board's Report.

- n. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under and has constituted Internal Complaints Committee (ICC) under the said Act. No complaint has been received by the ICC, during the year.

- o. Disclosure with respect to demat suspense account/ unclaimed suspense account:

Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the year - Nil.

Number of shareholders who approached listed entity for transfer of shares from suspense account during the year – Nil

Number of shareholders to whom shares were transferred from suspense account during the year – Nil

Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year – Nil

That the voting rights on these shares, if any shall remain frozen till the rightful owner of such shares claims the shares.

## **8. RISK MANAGEMENT**

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

## **9. STRICTURES AND PENALTIES**

There were strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any Statutory Authority for non-compliance on any matter related to Capital Market during the last three years.

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

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

## 11. MEANS OF COMMUNICATION

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

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

## 12. GENERAL SHAREHOLDERS INFORMATION

### Annual General Meeting:

|       |   |                                                                                                      |
|-------|---|------------------------------------------------------------------------------------------------------|
| Date  | - | 30 <sup>th</sup> December, 2020                                                                      |
| Venue | - | 8-2-682/3/A & 3B, Flat No. 201, 2 <sup>nd</sup> Floor,<br>Road No.12 Banjara Hills Hyderabad 500034. |
| Time  | - | 10:30 AM                                                                                             |

### Financial Calendar (Tentative):

- Unaudited results for 1<sup>st</sup> quarter of next Financial Year – by 14<sup>th</sup> August, 2020
- Unaudited results for 2<sup>nd</sup> quarter of next Financial Year – by 14<sup>th</sup> November, 2020
- Unaudited results for 3<sup>rd</sup> quarter of next Financial Year – by 14<sup>th</sup> February, 2021
- Audited results for next Financial Year – by 30<sup>th</sup> May, 2021

Date of Book Closure – 24<sup>th</sup> December, 2020 to 30<sup>th</sup> December, 2020 (both days inclusive)  
Date of Dividend Payment – NA

Listing of Equity Shares – BSE Limited – Code 532022

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

| Month & Year   | High (Rs.) | Low (Rs.) |
|----------------|------------|-----------|
| April 2019     | 3.46       | 2.69      |
| May 2019       | 2.88       | 2.45      |
| June 2019      | 2.51       | 1.90      |
| July 2019      | 2.83       | 2.04      |
| August 2019    | 2.35       | 1.72      |
| September 2019 | 2.45       | 1.93      |
| October 2019   | 3.65       | 1.86      |
| November 2019  | 4.78       | 3.45      |
| December 2019  | 4.69       | 3.30      |
| January 2020   | 4.45       | 3.14      |
| February 2020  | 4.00       | 2.46      |
| March 2020     | 3.16       | 1.73      |

### Details of Share Transfer System:

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

### Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s).

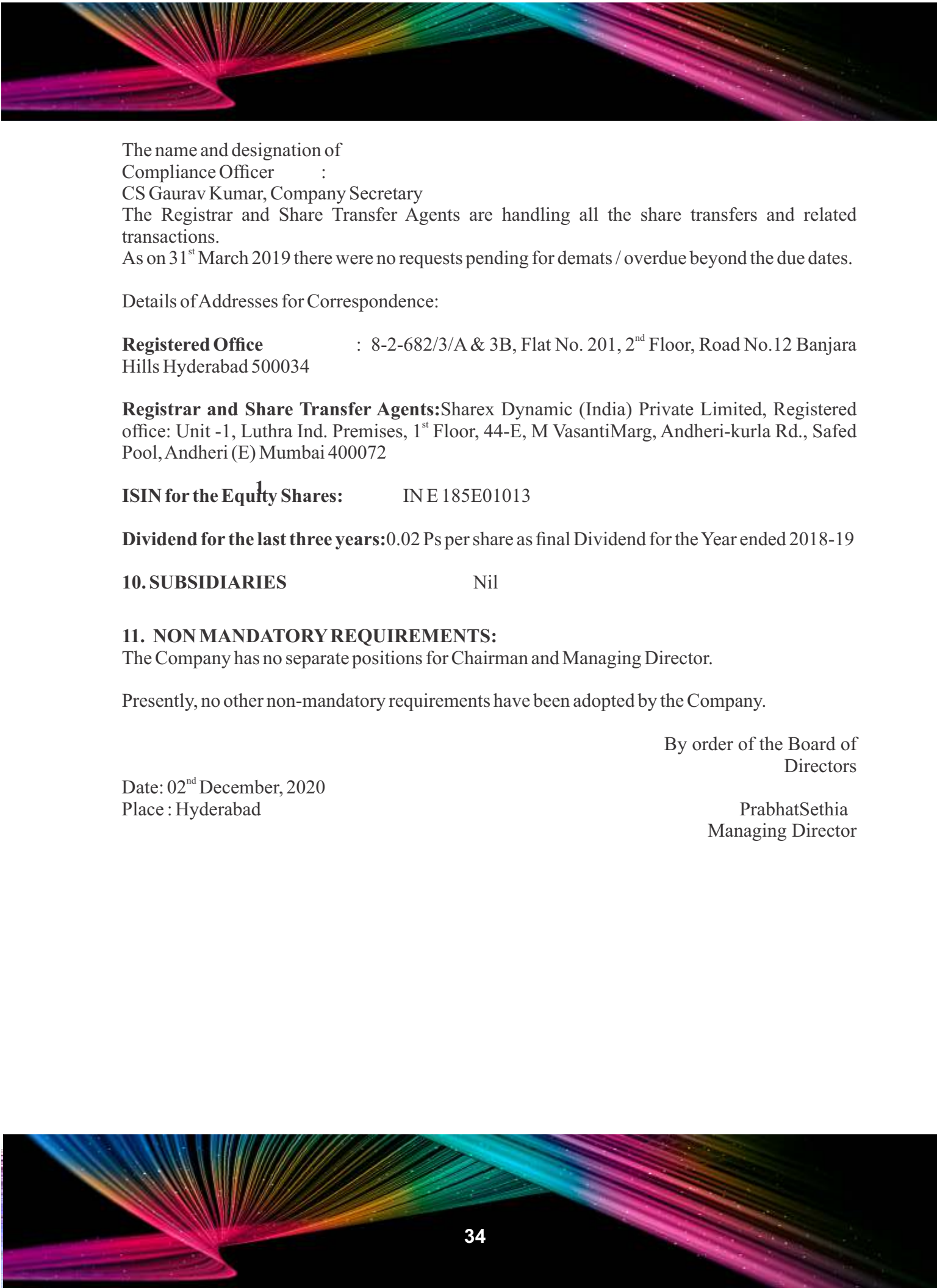
### Distribution of Shareholding (in shares) as on March 31, 2020:

| No. of shares | No. of shareholders | % of total shareholders | No. of shares | % of total share capital |
|---------------|---------------------|-------------------------|---------------|--------------------------|
| Upto 500      | 2197                | 54%                     | 415106        | 0.43%                    |
| 501 - 1000    | 638                 | 16%                     | 572518        | 0.59%                    |
| 1001 – 2000   | 389                 | 10%                     | 653592        | 0.68%                    |
| 2001 – 3000   | 163                 | 4%                      | 429514        | 0.44%                    |
| 3001 - 4000   | 79                  | 2%                      | 290794        | 0.30%                    |
| 4001 – 5000   | 120                 | 3%                      | 574989        | 0.59%                    |
| 5001 - 10000  | 146                 | 4%                      | 1124288       | 1.16%                    |
| 10001 & above | 326                 | 8%                      | 92753744      | 95.81%                   |

### Pattern of Shareholding as on March 31, 2020:

| Category                                  | No. of Shares | % of shareholding |
|-------------------------------------------|---------------|-------------------|
| Promoters & Promoter Group                | 1491295       | 0.43%             |
| Resident Individuals                      | 84303716      | 0.59%             |
| HUF                                       | 5175166       | 0.68%             |
| Foreign holding                           | 42945         | 0.44%             |
| Financial Institutions/ Banks             | 4643          | 0.30%             |
| Government/ Government Companies          | 0             | 0.00%             |
| Mutual Fund/ Alternative Investment Funds | 0             | 0.00%             |
| Body Corporates                           | 5639312       | 1.16%             |
| IEPF                                      | 0             | 0.00%             |
| Clearing Members                          | 157468        | 0.16%             |





The name and designation of

Compliance Officer :

CS Gaurav Kumar, Company Secretary

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

As on 31<sup>st</sup> March 2019 there were no requests pending for demats / overdue beyond the due dates.

Details of Addresses for Correspondence:

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

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

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

**Dividend for the last three years:** 0.02 Ps per share as final Dividend for the Year ended 2018-19

**10. SUBSIDIARIES** Nil

**11. NON MANDATORY REQUIREMENTS:**

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

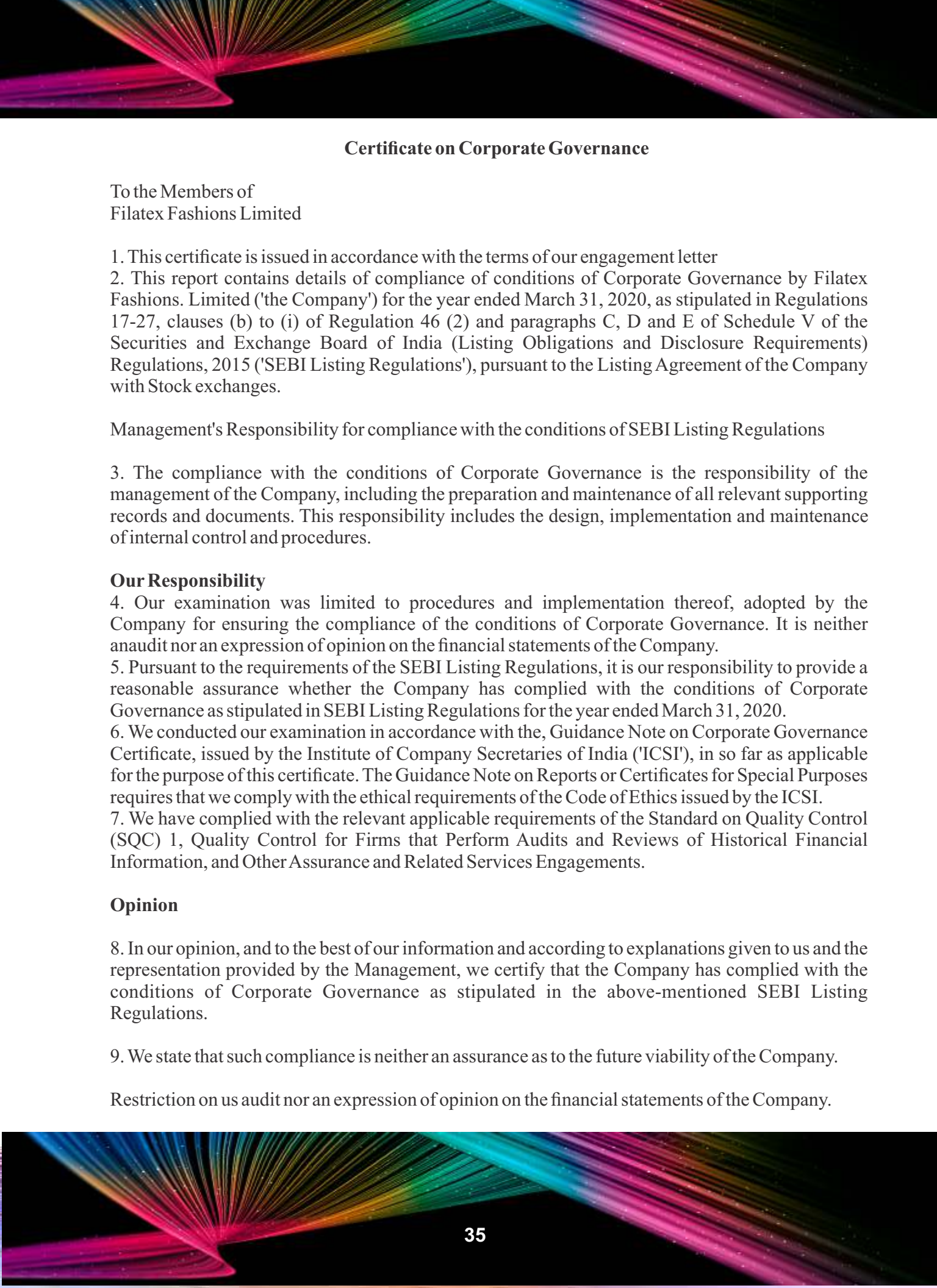
Presently, no other non-mandatory requirements have been adopted by the Company.

By order of the Board of  
Directors

Date: 02<sup>nd</sup> December, 2020

Place : Hyderabad

Prabhat Sethia  
Managing Director



## Certificate on Corporate Governance

To the Members of  
Filatex Fashions Limited

1. This certificate is issued in accordance with the terms of our engagement letter
2. This report contains details of compliance of conditions of Corporate Governance by Filatex Fashions. Limited ('the Company') for the year ended March 31, 2020, as stipulated in Regulations 17-27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

3. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures.

### Our Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations for the year ended March 31, 2020.
6. We conducted our examination in accordance with the, Guidance Note on Corporate Governance Certificate, issued by the Institute of Company Secretaries of India ('ICSI'), in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICSI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. In our opinion, and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

9. We state that such compliance is neither an assurance as to the future viability of the Company.

Restriction on us audit nor an expression of opinion on the financial statements of the Company.



5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations for the year ended March 31, 2020.

6. We conducted our examination in accordance with the, Guidance Note on Corporate Governance Certificate, issued by the Institute of Company Secretaries of India ('ICSI'), in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICSI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

8. In our opinion, and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

9. We state that such compliance is neither an assurance as to the future viability of the Company.

### **Restriction on use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For C M T & ASSOCIATES

Chartered Accountants

Firm Reg. No: 011515S

CAMUNEESH BABU S

Partner, Membership No: 242526

### **CEO & CFO COMPLIANCE CERTIFICATE**

[Under Regulation 17(8) of SEBI (LODR) Regulations, 2015]

To

The Board of Directors

Filatex Fashions Limited

Hyderabad

A. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2020 and that to the best of our knowledge and belief:





(1) the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) the statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

- (1) There were no significant changes in internal control over financial reporting during the year;
- (2) There were no significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
- (3) There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Hyderabad  
December 2, 2020

Sd/-  
PrabhatSethia  
Managing Director

Sd/-  
AnkitSangai  
Chief Financial Officer

## **Conservation of energy, technology absorption and foreign exchange earnings and outgo**

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

### **A. Conservation of energy**

#### **i. Steps taken or impact on conservation of energy:**

- a. During the year the company replaced all its incandescent light bulbs with LED bulbs at all locations to conserve the energy.
- b. Also in the purification process of our products calcium oxide has been replaced with milk of lime to avoid consumption of excess  $\text{CO}_2$ .

#### **ii. Steps taken by the Company for utilising alternate sources of energy:**

During the year more focus was on cogeneration efficiency by using good quality of coal. The company is exploring the possibility of installing solar power as a green energy.

#### **iii. The capital investment on energy conservation equipments:**

There was no major capital investment on energy conservation equipment's during the year

### **B. Technology absorption**

**(i) The efforts made towards technology absorption:**

During the year the company has maintained candle filter for improving the quality of the final product i.e. Sodium Bichromate by filtering all final impurities and also improvement in quality of all other derivatives.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:** Export sales are increased in view of the improvement in quality of our products.

**(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;

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

**iv) Expenditure on R&D:**

During the year the company has not made any expenditure on research & development.

However, during the year, through intensive R&D, purification process has been upgraded from Sodium Carbonate to Co2 to improve the quality of intermediates.

**C. Foreign exchange earnings & outgo:**

Total Foreign Exchange used and earned in terms of actual inflows and actual outflow:

Used / Outflow

Earned / Inflow

(Rs. In Lakhs)  
**2019-20**   **2018-19**

**0**   **0**

**2.02**   **0**

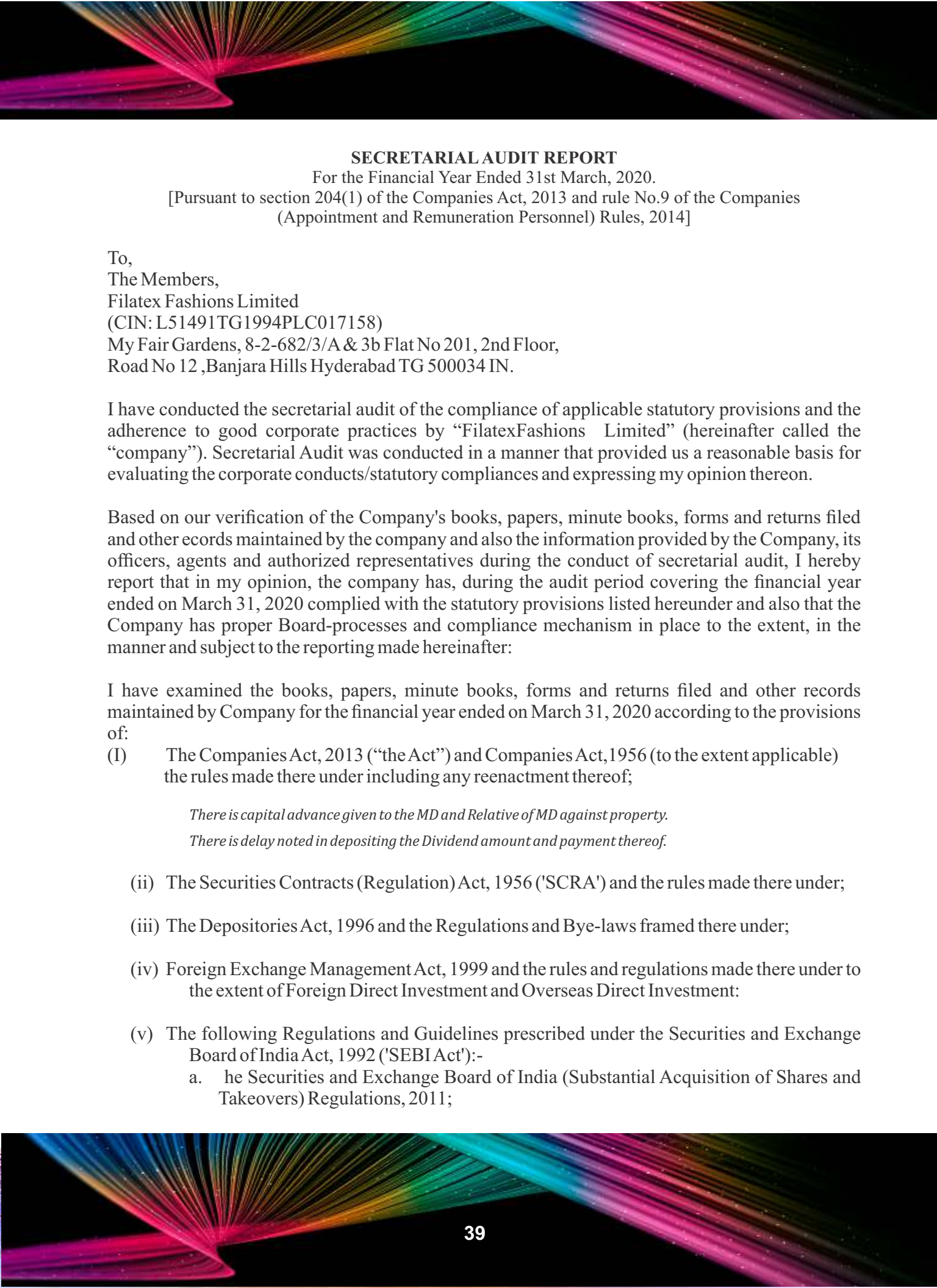
**Declaration on Code of Conduct**

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2020 as envisaged in Listing Regulations.

Hyderabad  
December 2, 2020

**For Filatex Fashions Limited**

**PrabhatSethia**  
**Chairman & Managing Director**



## SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2020.

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

To,  
The Members,  
Filatex Fashions Limited  
(CIN: L51491TG1994PLC017158)  
My Fair Gardens, 8-2-682/3/A & 3b Flat No 201, 2nd Floor,  
Road No 12 ,Banjara Hills Hyderabad TG 500034 IN.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by “FilatexFashions Limited” (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 my opinion thereon.

Based on our verification of the Company'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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2020 according to the provisions of:

- (I) The Companies Act, 2013 (“the Act”) and Companies Act, 1956 (to the extent applicable) the rules made there under including any reenactment thereof;

*There is capital advance given to the MD and Relative of MD against property.*

*There is delay noted in depositing the Dividend amount and payment thereof.*

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- 
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to the extent applicable during the Audit Period;

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

- (I) The Secretarial Standards (with respect to Board and General Meetings) issued by the Institute of Company Secretaries of India;
- (II) The Listing Agreements entered into by the Company with Stock Exchanges read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

*Newspapers publications Notice and Financial Reports is not published as required.*

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

I 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, except the following:

1. I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or consent of all directors were received in writing for shorter board meeting notice consents (if any), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried through and proper system is



in place which facilitate/ensure to capture and record the dissenting member's view, if any as part of the minutes.

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

I further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

Date : 02.12.2020  
Place : Hyderabad

**VINOD SAKARAM**  
Company Secretary in Practice  
CP. No.8345

Encl : "Annexure" forming an integral part of this report.

**Annexure to Secretarial Audit Report.**

To,  
The Members,  
Filatex Fashions Limited  
(CIN: L51491TG1994PLC017158)  
My Fair Gardens, 8-2-682/3/A & 3b Flat No 201, 2nd Floor,  
Road No 12 ,Banjara Hills Hyderabad TG 500034 IN.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test bases to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the Provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.

Date : 02.12.2020  
Place : Hyderabad

**VINOD SAKARAM**  
Company Secretary in Practice  
CP. No.8345

The Members  
Filatex Fashions Limited  
Hyderabad.

**SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015**

I, VinodSakaram, Practicing Company Secretary,, have examined the Company and Registrar of Companies records, books and papers of Filatex Fashions Limited (CIN: L51491TG1994PLC017158) having its Registered office at My Fair Gardens, 8-2-682/3/A & 3B Flat No 201, 2nd Floor, Road No 12 ,Banjara Hills Hyderabad TG 500034, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2020.

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](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and the respective Directors, I hereby certify that None of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2020 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.:

List of Director of the Company as on March 31, 2020:

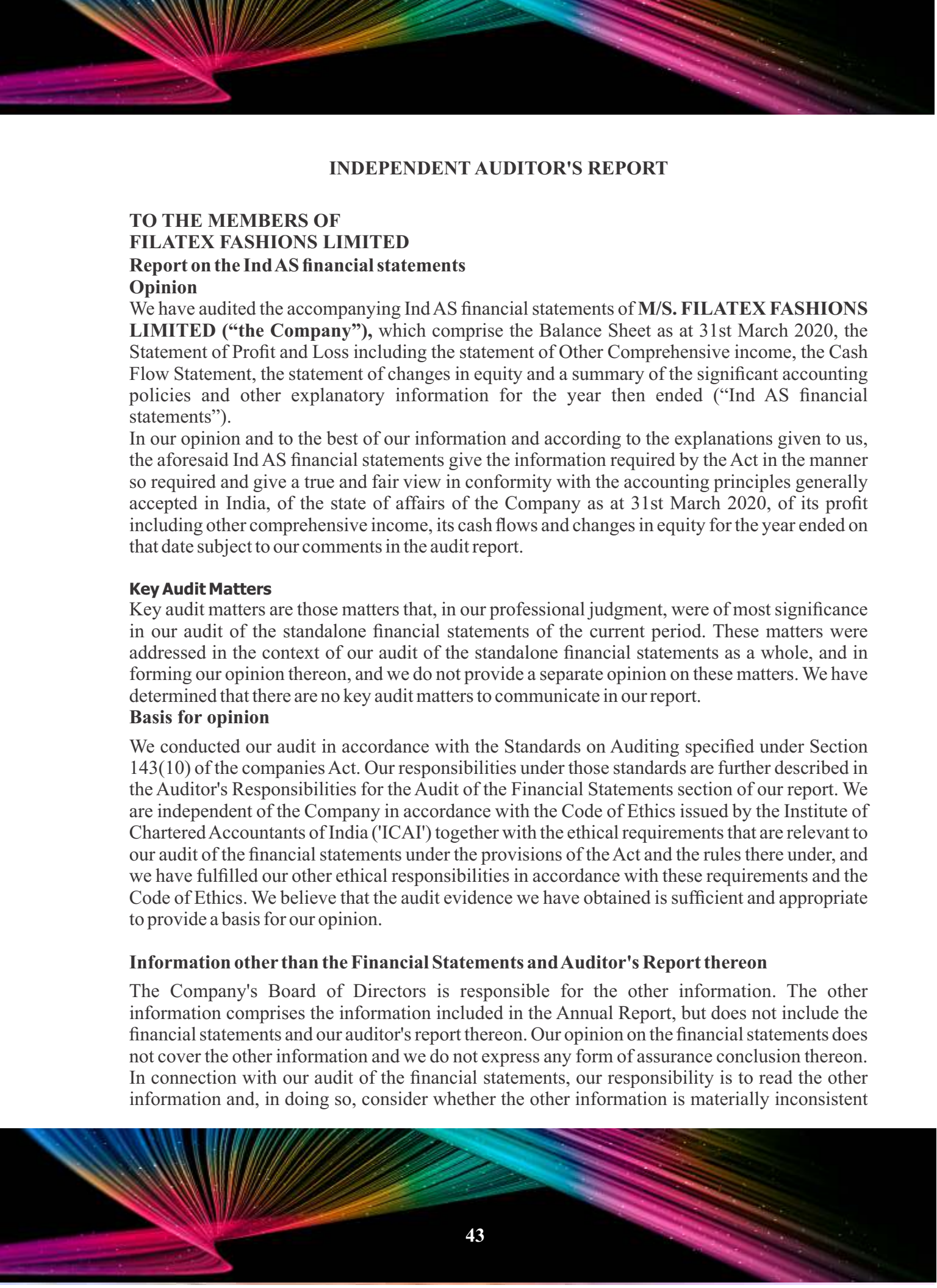
| S.No. | DIN      | Full Name                  | Designation                            |
|-------|----------|----------------------------|----------------------------------------|
| 1     | 00699415 | Sri. PrabhatSethia         | Managing Director                      |
| 2     | 02600900 | Smt. SangeetaSethia        | Non-executive Non-Independent Director |
| 3     | 02467963 | Sri. Om Prakash Sharma     | Independent Director                   |
| 4     | 02470629 | Sri. Sanjay Ishwarlal Bora | Independent Director                   |
| 5     | 08037371 | Sri. VallamsettyRaghuram   | Independent Director                   |
| 6     | 08037400 | Sri. Mutyala Krishna RAo   | Independent Director                   |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my 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.

Date : 03.12.2020  
Place : Hyderabad

**VINOD SAKARAM**  
Company Secretary in Practice  
CP.No.8345





## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FILATEX FASHIONS LIMITED

#### Report on the Ind AS financial statements

##### Opinion

We have audited the accompanying Ind AS financial statements of **M/S. FILATEX FASHIONS LIMITED (“the Company”)**, which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss including the statement of Other Comprehensive income, the Cash Flow Statement, the statement of changes in equity and a summary of the significant accounting policies and other explanatory information for the year then ended (“Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, of its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date subject to our comments in the audit report.

##### Key Audit Matters

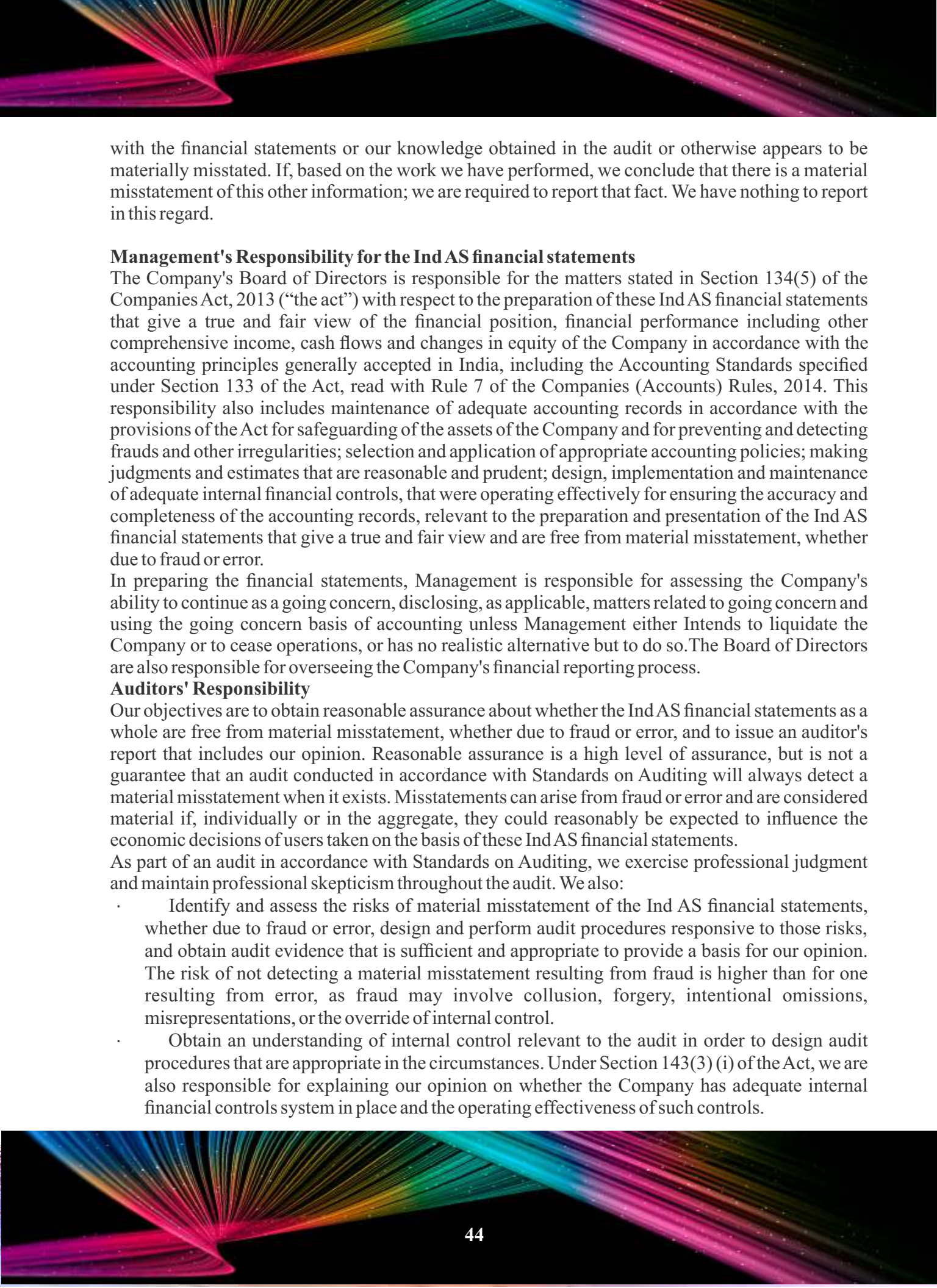
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

##### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the companies Act. 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 Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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 also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standards on Auditing 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and 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 control 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 explaining 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

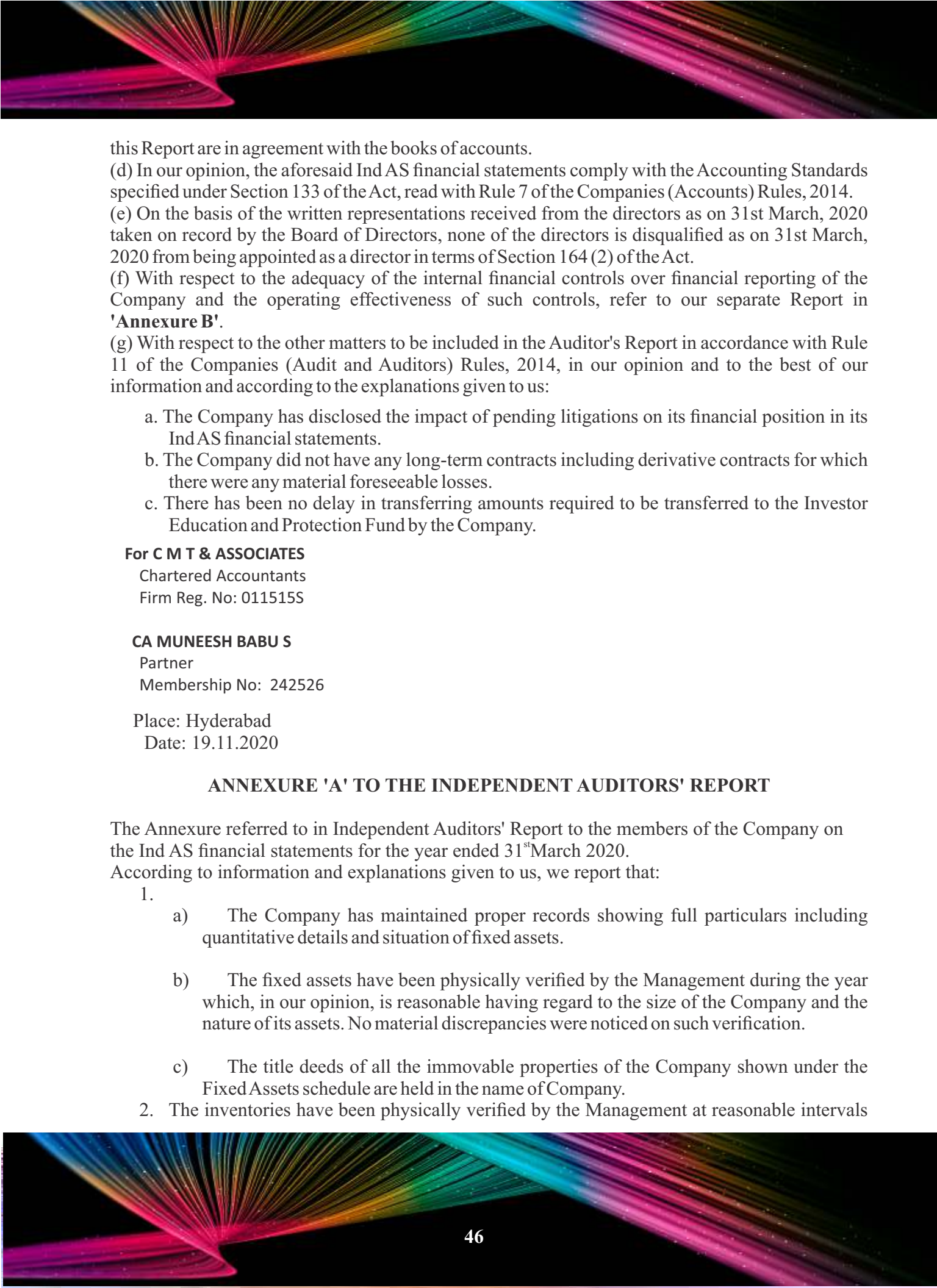
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS 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 the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the '**Annexure A**', a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:(a) We have sought and obtained all the information and explanations except the external confirmations from the parties to the Company, which to the best of our knowledge and belief were necessary for the purposes of our audit. The Management assures of the matching balances in counterparty's books.  
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.  
(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by





this Report are in agreement with the books of accounts.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**'.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For C M T & ASSOCIATES**

Chartered Accountants

Firm Reg. No: 011515S

**CA MUNEESH BABU S**

Partner

Membership No: 242526

Place: Hyderabad

Date: 19.11.2020

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

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31<sup>st</sup> March 2020.

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

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets have been physically verified by the Management during the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c) The title deeds of all the immovable properties of the Company shown under the Fixed Assets schedule are held in the name of Company.
2. The inventories have been physically verified by the Management at reasonable intervals

during the year. In our opinion, the frequency of such verification is reasonable and no discrepancies were noticed at the time of verification.

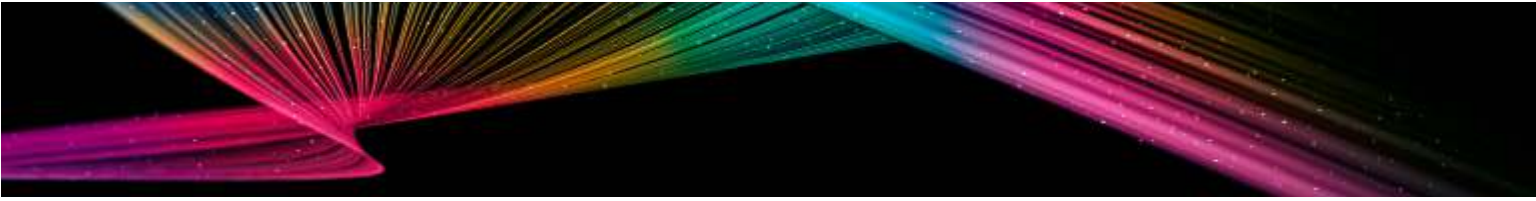
3. The Company has granted no loans, secured or unsecured to companies, firms, LLP or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013
4. The Company has not granted any loans, made any investments as per sections 185 and 186 of the Act.
5. The Company has not accepted any deposits to which the provisions of Sec. 73 to 76 or any other relevant provisions of the Act and the rules framed there under and the directions issued by the RBI are applicable. Hence this clause is not applicable and not commented upon.
6. As informed to us, the maintenance of cost records has not been specified by the central government under sub-section (1) of section 148 of the act, in respect of the activities carried on by the company.
7.
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Service tax, Duty of Customs, Duty of Excise, Valued added tax, Goods and Service Tax and other material statutory dues have been regularly deposited with occasional delays during the period by the Company with the appropriate authorities. But undisputed statutory dues in respect of Sales tax, Employees State Insurance, Tax deducted at source, remained outstanding for more than six months from the date it became payable as follows:

| Liability                 | More than six months in Rs. | Total liability in Rs. |
|---------------------------|-----------------------------|------------------------|
| Tax deducted at source    | 17,54,993                   | 18,40,573              |
| Employees State Insurance | 60,959                      | 60,959                 |

- b) According to the information and explanations given to us, there are arrears of undisputed amounts payables in respect of income tax as at 31.03.2020 for a period more than six months from the date they became payable as follows:

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

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of due to banks. The company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

- 
9. During the year the company raised the paid up capital of Rs.33,80,88,000/- by converting d the 6,77,60,000 share warrants of Rs.5/- each.
  10. Based upon the audit procedures performed, we report that no fraud by the Company and no fraud on the Company by its officers / employees has been noticed or reported during the course of our audit.
  11. Based upon audit procedures performed the information and explanations given to us, the Managerial Remuneration has been paid / provided in accordance with the requisite approvals mandated by Sec. 197 read with Schedule V to the Act.
  12. The Company is not a Nidhi Co. and therefore clause 3(12) of the Order is not applicable to the Company and we do not comment upon this provision.
  13. In our opinion, all the Related Party Transactions entered into by the Company during the year are in compliance with the provisions Sec. 188 & 177 of the Act and the details thereof have been disclosed in the Financial Statements as required by the Accounting standards and the Act.
  14. Based upon audit procedures performed the information and explanations given to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
  15. The Company has not entered into any non-cash transactions with directors / persons connected with him as stipulated u/s. 192 of the Act. Clause 3(15) of the Order is therefore not applicable to the Company.
  16. In our opinion, the Company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934.

**For C M T & ASSOCIATES**

Chartered Accountants

Firm Reg. No: 011515S

**CA MUNEEESH BABU S**

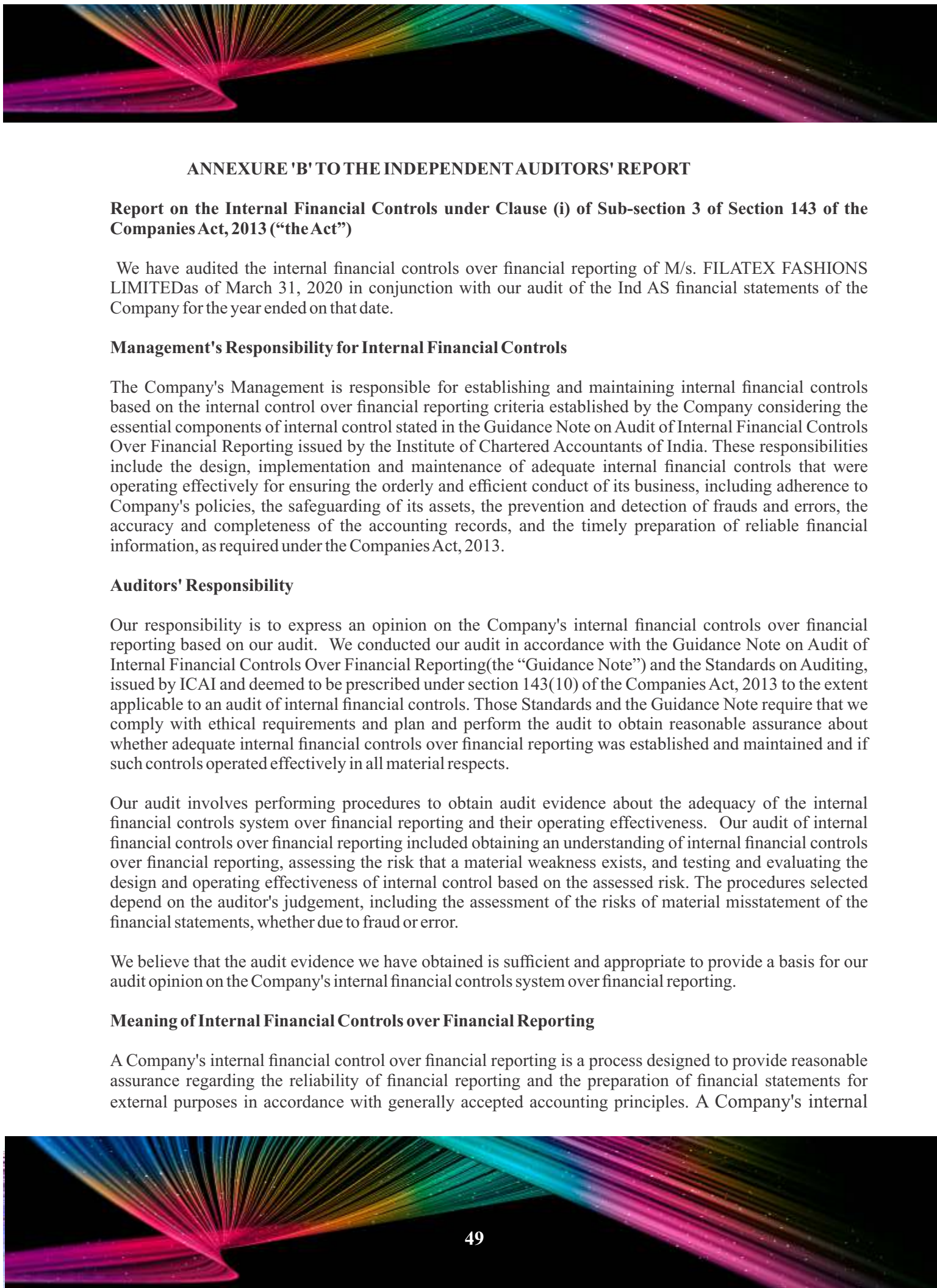
Partner

Membership No: 242526

Place: Hyderabad

Date: 19.11.2020





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

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

We have audited the internal financial controls over financial reporting of M/s. FILATEX FASHIONS LIMITED as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

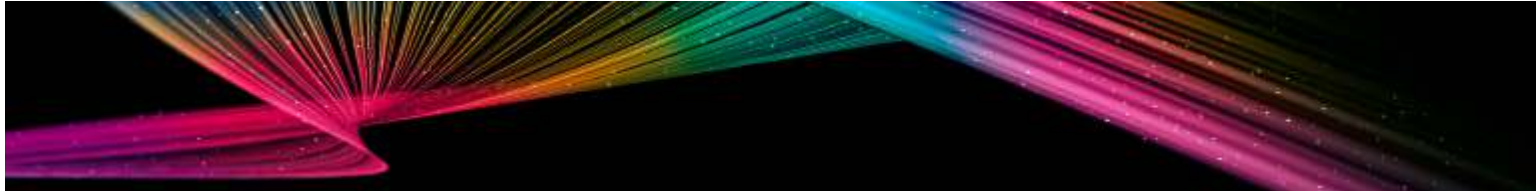
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on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

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

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

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal



financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of the information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 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 C M T & ASSOCIATES**

Chartered Accountants  
Firm Reg. No: 011515S

### **CA MUNEEESH BABU S**

Partner  
Membership No: 242526

Place: Hyderabad  
Date: 19.11.2020

**FILATEX FASHIONS LTD**  
**CIN: L51491TG1994PLC017158**  
**Balance sheet as at 31st March, 2020**

|                                        |      | <i>Amount in Rs.</i> |                     |
|----------------------------------------|------|----------------------|---------------------|
| Particulars                            | Note | 31 March 2020        | 31 March 2019       |
| <b>ASSETS</b>                          |      |                      |                     |
| <b>Non-current assets</b>              |      |                      |                     |
| Property, plant and equipment          | 2    | 2,43,06,189          | 2,66,28,121         |
| Capital work-in-progress               |      | 1,35,00,000          | 1,35,00,000         |
| Financial assets                       |      |                      |                     |
| (a) Deposits, loans and advances       | 3    | 23,82,94,073         | 10,41,13,100        |
| Deferred Tax Assets (net)              | 4    | 10,24,077            | 9,73,401            |
| Other non-current assets               | 5    | 4,31,10,776          | 4,57,81,255         |
|                                        |      | <b>32,02,35,115</b>  | <b>19,09,95,877</b> |
| <b>Current Assets</b>                  |      |                      |                     |
| Inventories                            | 6    | 65,06,800            | 62,52,435           |
| Financial assets                       |      |                      |                     |
| (a) Trade receivables                  | 7    | 43,11,81,651         | 39,10,72,118        |
| (b) Cash and cash equivalents          | 8    | 44,27,164            | 92,36,849           |
| (c) Bank balances other than (b) above | 9    | 16,01,678            | 15,16,514           |
| Other current assets                   | 10   | 4,95,00,464          | 4,91,83,825         |
|                                        |      | <b>49,32,17,757</b>  | <b>45,72,61,741</b> |
| <b>Total Assets</b>                    |      | <b>81,34,52,872</b>  | <b>64,82,57,618</b> |
| <b>EQUITY AND LIABILITIES</b>          |      |                      |                     |
| <b>Equity</b>                          |      |                      |                     |
| Equity share capital                   | 11   | 48,40,72,725         | 14,52,72,725        |
| Other equity                           | 12   | 22,76,33,684         | 41,82,53,990        |
| <b>Total Equity</b>                    |      | <b>71,17,06,409</b>  | <b>56,35,26,715</b> |
| <b>Liabilities</b>                     |      |                      |                     |
| <b>Non-current liabilities</b>         |      |                      |                     |
| Financial Liabilities                  |      |                      |                     |
| (a) Borrowings                         | 13   | 30,03,074            | 76,89,111           |
| <b>Current liabilities</b>             |      |                      |                     |
| Financial liabilities                  |      |                      |                     |
| (a) Trade payables                     | 14   | 9,00,56,974          | 6,64,39,766         |
| (b) Other financial liabilities        | 15   | 7,19,170             | 15,04,957           |
| Provisions                             | 16   | 17,63,267            | 17,17,559           |
| Other current liabilities              | 17   | 62,03,978            | 73,79,510           |
|                                        |      | <b>9,87,43,389</b>   | <b>7,70,41,792</b>  |
| <b>Total Equity and liabilities</b>    |      | <b>81,34,52,872</b>  | <b>64,82,57,618</b> |
| <b>Significant accounting policies</b> | 1    |                      |                     |

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

As per our report of even date

**For C M T & Associates**  
Chartered Accountants  
FRN: 011515S

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

**CA Muneesh Babu S**  
Partner  
Membership No: 242526  
UDIN: 20242526AAAALL9806

**PRABHAT SETHIA**  
Managing Director

**SANJAY I. BORA**  
Director

Place: Hyderabad  
Date: 19.11.2020



**FILATEX FASHIONS LTD**
**CIN: L51491TG1994PLC017158**
**Profit and loss statement for the year ended 31st March, 2020**

|       |                                                                    | <b>Amount in Rs.</b> |                      |                      |
|-------|--------------------------------------------------------------------|----------------------|----------------------|----------------------|
|       | <b>Particulars</b>                                                 | <b>Note</b>          | <b>31 March 2020</b> | <b>31 March 2019</b> |
|       | <b>Income</b>                                                      |                      |                      |                      |
| I     | Revenue from operations                                            | 18                   | 58,66,97,554         | 43,66,07,836         |
| II    | Other income                                                       | 19                   | 1,55,80,220          | 34,45,547            |
| III   | <b>Total Income (I+II)</b>                                         |                      | <b>60,22,77,774</b>  | <b>44,00,53,383</b>  |
|       | <b>Expenses</b>                                                    |                      |                      |                      |
| IV    | Cost of materials consumed                                         | 20                   | 55,38,65,391         | 40,91,25,346         |
|       | Changes in inventories of finished goods, stock-in-trade and work- | 21                   | 3,45,565             | -23,836              |
|       | Employee benefits expense                                          | 22                   | 97,29,180            | 1,02,49,786          |
|       | Finance costs                                                      | 23                   | 2,85,894             | 4,01,905             |
|       | Depreciation and amortization expense                              | 2                    | 50,29,277            | 52,70,824            |
|       | Other expenses                                                     | 24                   | 2,40,08,986          | 1,06,64,000          |
|       | <b>Total expenses</b>                                              |                      | <b>59,32,64,293</b>  | <b>43,56,88,025</b>  |
| V     | Profit/(loss) before exceptional and tax (III-IV)                  |                      | 90,13,481            | 43,65,358            |
| VI    | Exceptional items                                                  |                      | -                    | -                    |
| VII   | Profit before tax (V-VI)                                           |                      | 90,13,481            | 43,65,358            |
| VIII  | Tax expense:                                                       |                      |                      |                      |
|       | Current tax                                                        |                      | 22,46,408            | 18,37,018            |
|       | Deferred tax                                                       |                      | -50,676              | -5,16,587            |
| IX    | Profit/(loss) for the period from continuing operations (VII-VIII) |                      | 68,17,749            | 30,44,927            |
| X     | Profit/(loss) from discontinued operations                         |                      | -                    | -                    |
| XI    | Tax expense of discontinued operations                             |                      | -                    | -                    |
| XII   | Profit/(loss) from discontinued operations (after tax) (X-XI)      |                      | -                    | -                    |
| XIII  | Profit/(loss) for the period (IX+XII)                              |                      | 68,17,749            | 30,44,927            |
| XIV   | Other comprehensive Income                                         |                      |                      |                      |
| XV    | Total comprehensive income for the period (XIII+XIV)               |                      | 68,17,749            | 30,44,927            |
| XVI   | Earnings per equity share (for continuing operation)               |                      |                      |                      |
|       | (1) Basic                                                          |                      | 0.0704               | 0.10                 |
|       | (2) Diluted                                                        |                      | 0.0405               | 0.03                 |
| XVII  | Earnings per equity share (for discontinued operation)             |                      |                      |                      |
|       | (1) Basic                                                          |                      | -                    | -                    |
|       | (2) Diluted                                                        |                      | -                    | -                    |
| XVIII | Earnings per equity share (for discontinued & continuing           |                      |                      |                      |
|       | (1) Basic                                                          |                      | 0.0704               | 0.10                 |
|       | (2) Diluted                                                        |                      | 0.0405               | 0.03                 |

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

**As per our report of even date**

**For C M T & Associates**

Chartered Accountants

FRN: 0115155

For and on behalf of the Board of Directors of

FILATEX FASHIONS LTD

CIN: L51491TG1994PLC017158

**CA Muneesh Babu S**

Partner

Membership No: 242526

UDIN:20242526AAAALL9806

**PRABHAT SETHIA**

Managing Director

**SANJAY I. BORA**

Director

Place: Hyderabad

Date: 19.11.2020

**FILATEX FASHIONS LTD**
**CIN: L51491TG1994PLC017158**
**Cash flow statement for the year ended 31st March, 2020**

|                                                               | Particulars                                            | For the year ended 31st March, 2020 |                      | For the year ended 31st March, 2019 |                      |
|---------------------------------------------------------------|--------------------------------------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|
| <b>A.</b>                                                     | <b>Cash flow from Operating activities</b>             |                                     |                      |                                     |                      |
|                                                               | Profit before tax                                      |                                     | <b>90,13,481</b>     |                                     | <b>43,65,358</b>     |
|                                                               | Adjustments for:                                       |                                     |                      |                                     |                      |
|                                                               | Depreciation and Amortisation                          | 50,29,277                           |                      | 52,70,824                           |                      |
|                                                               | Interest expense                                       | 2,85,894                            |                      | 4,01,905                            |                      |
|                                                               | Interest Income                                        | -1,53,26,637                        |                      | -33,50,327                          |                      |
|                                                               |                                                        |                                     | <b>-1,00,11,466</b>  |                                     | <b>23,22,402</b>     |
|                                                               | <b>Operating Profit Before Working Capital Changes</b> |                                     | <b>-9,97,985</b>     |                                     | <b>66,87,760</b>     |
|                                                               | Change in Trade Receivables                            | -4,01,09,533                        |                      | -8,86,63,289                        |                      |
|                                                               | Change in Deposits, loans and advances                 | -13,42,31,649                       |                      | -8,36,55,231                        |                      |
|                                                               | Change in Inventories                                  | -2,54,365                           |                      | -1,77,506                           |                      |
|                                                               | Change in Other Non current                            | 26,70,479                           |                      | -2,28,37,962                        |                      |
|                                                               | Change in Other Current Assets                         | -3,16,639                           |                      | -46,90,655                          |                      |
|                                                               | Change in Trade Payables                               | 2,36,17,208                         |                      | 6,31,71,343                         |                      |
|                                                               | Change in Other Financial Liabilities                  | -7,85,788                           |                      | 3,13,897                            |                      |
|                                                               | Change in Provisions                                   | 45,708                              |                      | 10,87,018                           |                      |
|                                                               | Change in Other Current liabilities                    | -11,75,532                          |                      | -25,63,575                          |                      |
|                                                               |                                                        |                                     | <b>-15,05,40,110</b> |                                     | <b>-13,80,15,960</b> |
|                                                               | Cash Generated from Operating activities               |                                     | <b>-15,15,38,096</b> |                                     | <b>-13,13,28,200</b> |
|                                                               | less: Taxes Paid                                       |                                     | 21,95,732            |                                     | 13,20,431            |
|                                                               | Net Cash Generated from Operating activities           |                                     | <b>-15,37,33,828</b> |                                     | <b>-13,26,48,631</b> |
| <b>B.</b>                                                     | <b>Cash flow from Investment activities</b>            |                                     |                      |                                     |                      |
|                                                               | Capital Expenditure on Fixed Assets including CWIP     | -27,07,345                          |                      | -78,11,066                          |                      |
|                                                               | Interest received On Fixed Deposits                    | 1,53,26,637                         |                      | 33,50,327                           |                      |
|                                                               | Net Cash used in Investing Activities                  |                                     | <b>1,26,19,292</b>   |                                     | <b>-44,60,739</b>    |
| <b>C.</b>                                                     | <b>Cash flow from Financing activities</b>             |                                     |                      |                                     |                      |
|                                                               | Increase in Share Capital including Premium            | 14,13,61,944                        |                      | 14,52,50,000                        |                      |
|                                                               | Proceeds from Long & Short Borrowings                  | -46,86,037                          |                      | -57,43,329                          |                      |
|                                                               | Interest paid on borrowings                            | -2,85,894                           |                      | -4,01,905                           |                      |
|                                                               | Net Cash flow from Financing activities                |                                     | <b>13,63,90,013</b>  |                                     | <b>13,91,04,766</b>  |
| <b>Net Cash Increase in Cash and Cash Equivalents (A+B+C)</b> |                                                        |                                     | <b>-47,24,522</b>    |                                     | <b>19,95,396</b>     |
| <b>Cash and Cash equivalents at the beginning of the Year</b> |                                                        |                                     | <b>1,07,53,364</b>   |                                     | <b>87,57,968</b>     |
| <b>Cash and Cash equivalents at the end of the Year*</b>      |                                                        |                                     | <b>60,28,842</b>     |                                     | <b>1,07,53,364</b>   |

\* Cash and cash equivalents includes other balances with banks

47,24,522

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

As per our report of even date

**For C M T & Associates**

Chartered Accountants

FRN: 0115155

For and on behalf of the Board of Directors of

**FILATEX FASHIONS LTD**

CIN: L51491TG1994PLC017158

**CA Muneesh Babu S**

**Partner**

Membership No: 242526

UDIN:20242526AAAALL9806

**PRABHAT SETHIA**

Managing Director

**SANJAY I. BORA**

Director

Place: Hyderabad

Date: 19.11.2020

**FILATEX FASHIONS LTD**  
**CIN: L51491TG1994PLC017158**  
**Statement of changes in equity**

| <b>(a) Equity share capital</b> |               |              | <i>Amount in Rs.</i> |
|---------------------------------|---------------|--------------|----------------------|
| Particulars                     | No. of shares | Amount       |                      |
| Balance as at 1st April 2018    | 2,90,54,545   | 14,52,72,725 |                      |
| Changes in equity share capital | -             | -            |                      |
| Balance as at 31st March 2019   | 2,90,54,545   | 14,52,72,725 |                      |
| Changes in equity share capital | -             | -            |                      |
| Balance as at 31st March 2020   | 9,68,14,545   | 48,40,72,725 |                      |

| <b>(b) Other equity</b>       |                      |                 |                   |                       |              | <i>Amount in Rs.</i> |
|-------------------------------|----------------------|-----------------|-------------------|-----------------------|--------------|----------------------|
| Particulars                   | Reserves and surplus |                 |                   |                       | Total        |                      |
|                               | Securities premium   | General Reserve | Retained earnings | Share warrants issued |              |                      |
| Balance as at 1st April 2018  | 7,62,50,000          | 5,20,67,265     | 5,91,41,799       | 8,25,00,000           | 26,99,59,064 |                      |
| Movement during the year      | -                    | -               | 30,44,927         | -                     | 30,44,927    |                      |
| Balance as at 31st March 2019 | 7,62,50,000          | 5,20,67,265     | 6,21,86,726       | 8,25,00,000           | 27,30,03,991 |                      |
| Movement during the year      | -                    | -7,00,556       | 68,17,749         | 3,10,12,500           | 3,71,29,693  |                      |
| Balance as at 31st March 2020 | 7,62,50,000          | 5,13,66,709     | 6,90,04,475       | 11,35,12,500          | 31,01,33,684 |                      |

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

As per our report of even date

**For C M T & Associates**  
Chartered Accountants  
FRN: 0115155

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

**CA Muneesh Babu S**  
Partner  
Membership No: 242526  
UDIN:20242526AAAAALL9806

**PRABHAT SETHIA**  
Managing Director

**SANJAY I. BORA**  
Director

Place: Hyderabad  
Date: 19.11.2020



**FILATEX FASHIONS LTD**

CIN: L51491TG1994PLC017158

Notes to the financial statements as at 31st March 2020 (continued)

**Note2: Property, Plant and equipment**

**Amount in Rs.**

| Particulars                                       | Land      | Building  | Plant and   | Electrical | Computers | Furniture & | Vehicles  | Total PPE   | Capital WIP |
|---------------------------------------------------|-----------|-----------|-------------|------------|-----------|-------------|-----------|-------------|-------------|
| <b>Gross Carrying amount as at April 01, 2018</b> | 13,78,660 | 51,91,281 | 1,20,96,114 | 3,38,876   | 860       | 7,66,919    | 43,15,169 | 2,40,87,879 | 1,35,00,000 |
| Addition during the year                          | -         | -         | 50,08,883   | -          | 2,95,341  | 58,000      | 24,48,842 | 78,11,066   | -           |
| Deduction during the year                         | -         | -         | -           | -          | -         | -           | -         | -           | -           |
| <b>Depreciation For the year</b>                  | -         | 5,44,941  | 27,34,557   | 1,18,385   | 17,495    | 2,70,667    | 15,84,779 | 52,70,824   | -           |
| <b>Net Carrying amount as at March 31, 2019</b>   | 13,78,660 | 46,46,340 | 1,43,70,440 | 2,20,491   | 2,78,706  | 5,54,252    | 51,79,232 | 2,66,28,121 | 1,35,00,000 |
| Addition during the year                          | -         | -         | 27,07,345   | -          | -         | -           | -         | 27,07,345   | -           |
| Deduction during the year                         | -         | -         | -           | -          | -         | -           | -         | -           | -           |
| <b>Depreciation For the year</b>                  | -         | 5,44,941  | 25,90,546   | 1,18,385   | -         | 2,67,920    | 15,07,485 | 50,29,277   | -           |
| <b>Net Carrying amount as at March 31, 2020</b>   | 13,78,660 | 41,01,399 | 1,44,87,239 | 1,02,106   | 2,78,706  | 2,86,332    | 36,71,747 | 2,43,06,189 | 1,35,00,000 |

Note:

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

**FILATEX FASHIONS LTD**
**CIN: L51491TG1994PLC017158**
**Notes to the financial statements as at 31st March 2020 (continued)**
**Amount in Rs.**

| <b>Note</b> | <b>Particulars</b>                                | <b>31 March 2020</b> | <b>31 March 2019</b> |
|-------------|---------------------------------------------------|----------------------|----------------------|
| <b>3</b>    | <b>Deposits, loans and advances</b>               |                      |                      |
|             | <b>(i) Security Deposits</b>                      |                      |                      |
|             | Secured, considered good                          |                      |                      |
|             | Unsecured, considered good                        | 1,97,465             | 1,97,465             |
|             | Doubtful                                          | -                    | -                    |
|             | Less: Provision for doubtful advances             | -                    | -                    |
|             |                                                   | <b>1,97,465</b>      | <b>1,97,465</b>      |
|             | <b>(ii) Rental advances</b>                       |                      |                      |
|             | Secured, considered good                          | -                    | -                    |
|             | Unsecured, considered good                        | 3,05,800             | 3,39,800             |
|             | Doubtful                                          | -                    | -                    |
|             | Less: Provision for doubtful advances             | -                    | -                    |
|             |                                                   | <b>3,05,800</b>      | <b>3,39,800</b>      |
|             | <b>(iii) Advance against Land</b>                 |                      |                      |
|             | Prabhat Sethia                                    | 4,09,79,869          | -                    |
|             | Sangeeta Sethia                                   | -                    | -                    |
|             |                                                   | <b>4,09,79,869</b>   | <b>-</b>             |
|             | (iii) Loans to Others                             | 19,68,10,939         | 10,35,75,835         |
|             |                                                   | <b>19,68,10,939</b>  | <b>10,35,75,835</b>  |
|             | <b>Total of Deposits, loans and advances</b>      | <b>23,82,94,073</b>  | <b>10,41,13,100</b>  |
| <b>4</b>    | <b>Deferred Tax Assets (net)</b>                  |                      |                      |
|             | Opening balance of Deferred Tax Asset/(liability) | 9,73,401             | 4,56,814             |
|             | add: Deferred Tax Asset/(liability)               | 50,676               | 5,16,587             |
|             | Closing balance of Deferred Tax Asset/(liability) | <b>10,24,077</b>     | <b>9,73,401</b>      |
| <b>5</b>    | <b>Other non-current assets</b>                   |                      |                      |
|             | Capital advances                                  | 1,99,08,350          | 1,99,08,350          |
|             | Interest to capitalised                           | 2,18,95,573          | 2,28,37,962          |
|             | Income Tax 14-15                                  | 13,06,853            | 30,34,943            |
|             |                                                   | <b>4,31,10,776</b>   | <b>4,57,81,255</b>   |
| <b>6</b>    | <b>Inventories</b>                                |                      |                      |
|             | Raw material                                      | 33,20,900            | 27,20,970            |
|             | Stock in progress                                 | 2,03,000             | 6,92,375             |
|             | Finished Goods                                    | 29,82,900            | 28,39,090            |
|             |                                                   | <b>65,06,800</b>     | <b>62,52,435</b>     |
| <b>7</b>    | <b>Trade receivables</b>                          |                      |                      |
|             | Secured, considered good                          | -                    | -                    |
|             | Unsecured, considered good                        | 43,11,81,651         | 39,10,72,118         |
|             | Doubtful                                          | -                    | -                    |
|             | Less: Provision for doubtful advances             | -                    | -                    |
|             |                                                   | <b>43,11,81,651</b>  | <b>39,10,72,118</b>  |

|    |                                                            |                    |                    |
|----|------------------------------------------------------------|--------------------|--------------------|
| 8  | <b>Cash and cash equivalents</b>                           |                    |                    |
|    | Balances with banks on current accounts                    | 36,75,732          | 1,30,693           |
|    | Cash on hand                                               | 7,51,432           | 91,06,156          |
|    |                                                            | <b>44,27,164</b>   | <b>92,36,849</b>   |
|    |                                                            |                    |                    |
| 9  | <b>Bank Balances other than above</b>                      |                    |                    |
|    | (Includes fixed deposits placed as security margin against | <b>16,01,678</b>   | <b>15,16,514</b>   |
|    |                                                            |                    |                    |
| 10 | <b>Other Current Assets</b>                                |                    |                    |
|    | <b>Other loans - Advance to suppliers</b>                  |                    |                    |
|    | Secured, considered good                                   | -                  | -                  |
|    | Unsecured, considered good                                 | 4,68,75,489        | 4,76,69,191        |
|    | Doubtful                                                   | -                  | -                  |
|    | Less: Provision for doubtful advances                      | -                  | -                  |
|    | TDS receivable                                             | 15,25,581          | 5,28,339           |
|    | GST Input                                                  | 10,99,395          | 9,86,295           |
|    |                                                            | <b>4,95,00,464</b> | <b>4,91,83,825</b> |



FILATEX FASHIONS LTD

CIN: L51491TG1994PLC017158

Notes to the financial statements as at 31st March 2020 (continued)

Amount in Rs.

| Note                                                                                                                                                                                                                                                                                                                                                                                                                                           | Particulars                                                                            | 31 March 2020             | 31 March 2019             |                     |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------|---------------------------|---------------------|--------------|
| 11                                                                                                                                                                                                                                                                                                                                                                                                                                             | Equity share capital                                                                   |                           |                           |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                | Authorised Capital                                                                     |                           |                           |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10,20,00,000 equity Shares of Rs 5 each<br>(Py 2,92,00,000 equity shares of Rs 5 each) | 51,00,00,000              | 14,60,00,000              |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                | Issued, subscribed and fully Paid-up                                                   |                           |                           |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                | 9,68,14,545 equity Shares of Rs 5 each<br>(Py 2,90,54,445 equity shares of Rs 5 each)  | 48,40,72,725              | 14,52,72,725              |                     |              |
| <b>Notes:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                        |                           |                           |                     |              |
| <b>(i) Rights, preferences and restrictions attached to equity shares</b>                                                                                                                                                                                                                                                                                                                                                                      |                                                                                        |                           |                           |                     |              |
| The Company has only one class of equity shares having a par value of Rs. 5/- per share. Each holder of equity share is entitles to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the No. of Equity Shares held by the shareholders. |                                                                                        |                           |                           |                     |              |
| <b>(ii) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :</b>                                                                                                                                                                                                                                                                                                                            |                                                                                        |                           |                           |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | As at<br>31st March, 2020 | As at<br>31st March, 2019 |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | Number of<br>shares       | Amount                    | Number of shares    | Amount       |
| Equity shares                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                        |                           |                           |                     |              |
| Shares outstanding at the beginning of the year                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | 2,90,54,545               | 14,52,72,725              | 2,90,54,545         | 14,52,72,725 |
| Issue of shares during the year                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | 6,77,60,000               | 33,88,00,000              | -                   | -            |
| Shares outstanding at the end of the year                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                        | 9,68,14,545               | 48,40,72,725              | 2,90,54,545         | 14,52,72,725 |
| <b>(iii) Details of shares held by each share holder more than 5% of equity shares :</b>                                                                                                                                                                                                                                                                                                                                                       |                                                                                        |                           |                           |                     |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | Number of<br>shares       | % of Holding              | Number of<br>shares | % of Holding |
| Name of Shareholder                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                        |                           |                           |                     |              |
| Chirag Bhandari                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                        | 55,06,915                 | 5.69%                     | -                   | 0.00%        |
| Sailesh Kumar Agrawal                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                        | 52,00,000                 | 5.37%                     | -                   | 0.00%        |
| Deepak Mittal                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                        | 51,00,000                 | 5.27%                     | -                   | 0.00%        |
| Vinod Sagar                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                        | -                         | 0.00%                     | 20,00,000           | 6.88%        |

|           |                                                          |                     |                     |
|-----------|----------------------------------------------------------|---------------------|---------------------|
| <b>12</b> | <b>Other equity</b>                                      |                     |                     |
|           | <b>(i) Reserves and surplus</b>                          |                     |                     |
|           | Securities premium account                               |                     |                     |
|           | Balance at the beginning of the year                     | 7,62,50,000         | 7,62,50,000         |
|           | Movement during the year                                 | -                   | -                   |
|           |                                                          | <b>7,62,50,000</b>  | <b>7,62,50,000</b>  |
|           | General Reserve                                          |                     |                     |
|           | Balance at the beginning of the year                     | 5,20,67,265         | 5,20,67,265         |
|           | Movement during the year                                 | -7,00,556           | -                   |
|           |                                                          | <b>5,13,66,709</b>  | <b>5,20,67,265</b>  |
|           | Retained Earnings                                        |                     |                     |
|           | Balance at the beginning of the year                     | 6,21,86,726         | 5,91,41,799         |
|           | Add: (loss)/profit for the year                          | 68,17,749           | 30,44,927           |
|           |                                                          | <b>6,90,04,475</b>  | <b>6,21,86,726</b>  |
|           |                                                          | <b>19,66,21,184</b> | <b>19,05,03,991</b> |
|           | <b>(ii) Money received against share warrants</b>        |                     |                     |
|           | Share warrants Issued, subscribed and not fully Paid-up  |                     |                     |
|           | 7,13,60,000 warrants of Rs 5 each and Rs 1.25 paid*      | <b>3,10,12,500</b>  | <b>22,77,50,000</b> |
|           |                                                          | <b>22,76,33,684</b> | <b>41,82,53,991</b> |
| <b>13</b> | <b>Borrowings</b>                                        |                     |                     |
|           | <b>(a) Term loans from Banks</b>                         |                     |                     |
|           | Secured                                                  | 15,57,446           | 21,55,953           |
|           | Unsecured                                                | -                   | -                   |
|           |                                                          | <b>15,57,446</b>    | <b>21,55,953</b>    |
|           | <b>(b) Term loans from NBFCs</b>                         |                     |                     |
|           | Secured                                                  | -                   | 7,21,294            |
|           | Unsecured                                                | -                   | -                   |
|           |                                                          | -                   | <b>7,21,294</b>     |
|           | Total term loans                                         | 15,57,446           | 28,77,247           |
|           | <i>less</i> Current maturities of long term debt         | -7,19,170           | -15,04,957          |
|           |                                                          | <b>8,38,276</b>     | <b>13,72,290</b>    |
|           | <b>(c) Intercompany Deposits</b>                         |                     |                     |
|           | Secured                                                  | -                   | -                   |
|           | Unsecured                                                | 8,69,350            | 9,42,389            |
|           |                                                          | <b>8,69,350</b>     | <b>9,42,389</b>     |
|           | <b>(d) Loans from Directors</b>                          |                     |                     |
|           | Secured                                                  | -                   | -                   |
|           | Unsecured                                                | 12,95,448           | 53,74,432           |
|           |                                                          | <b>12,95,448</b>    | <b>53,74,432</b>    |
|           |                                                          | <b>30,03,074</b>    | <b>76,89,111</b>    |
| <b>14</b> | <b>Trade payables</b>                                    |                     |                     |
|           | Payable to Micro,Small and Medium enterprises            | -                   | -                   |
|           | Payable to other than Micro,Small and Medium enterprises | 9,00,56,974         | 6,64,39,766         |
|           |                                                          | <b>9,00,56,974</b>  | <b>6,64,39,766</b>  |
| <b>15</b> | <b>Other financial liabilities</b>                       |                     |                     |
|           | Current maturities of Long term debt                     | 7,19,170            | 15,04,957           |
| <b>16</b> | <b>Provisions</b>                                        |                     |                     |
|           | Provision for Dividend Distribution Tax                  | 1,19,465            | -                   |
|           | Provision for Income Tax                                 | 16,43,802           | 17,17,559           |
|           |                                                          | <b>17,63,267</b>    | <b>17,17,559</b>    |
| <b>17</b> | <b>Other current liabilities</b>                         |                     |                     |
|           | TDS Payable                                              | 17,54,993           | 18,40,573           |
|           | VAT/CST Payable                                          | -                   | 3,96,438            |
|           | ESI Payable                                              | 60,959              | 60,959              |
|           | Other Current liabilities                                | 43,88,026           | 50,81,540           |
|           |                                                          | <b>62,03,978</b>    | <b>73,79,510</b>    |

**FILATEX FASHIONS LTD**

**CIN: L51491TG1994PLC017158**

**Notes to the financial statements as at 31st March 2020 (continued)**

**Amount in Rs.**

| <b>Note</b> | <b>Particulars</b>                                                                   | <b>31 March 2020</b> | <b>31 March 2019</b> |
|-------------|--------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>18</b>   | <b>Revenue from operations</b>                                                       |                      |                      |
|             | Sale of Products                                                                     | 58,66,97,554         | 43,64,79,872         |
|             | Sale of Services and                                                                 | -                    | 1,27,964             |
|             | Other operating revenues                                                             | -                    | -                    |
|             |                                                                                      | <b>58,66,97,554</b>  | <b>43,66,07,836</b>  |
| <b>19</b>   | <b>Other income</b>                                                                  |                      |                      |
|             | Interest Income                                                                      | 1,53,26,637          | 33,50,327            |
|             | Interest on term deposit                                                             | 94,627               | -                    |
|             | Interest on Income tax refund                                                        | 63,736               | -                    |
|             | Income from Ground rent                                                              | 95,220               | 95,220               |
|             |                                                                                      | <b>1,55,80,220</b>   | <b>34,45,547</b>     |
| <b>20</b>   | <b>Cost of materials consumed</b>                                                    |                      |                      |
|             | Opening Stock of raw materials                                                       | 27,20,970            | 25,67,300            |
|             | Purchases                                                                            | 55,44,65,321         | 40,92,79,016         |
|             | less: Closing stock                                                                  | 33,20,900            | 27,20,970            |
|             | Total cost of raw material consumed                                                  | <b>55,38,65,391</b>  | <b>40,91,25,346</b>  |
| <b>21</b>   | <b>Changes in inventories of finished goods, stock-in-trade and work-in-progress</b> |                      |                      |
|             | Opening stock                                                                        |                      |                      |
|             | Finished goods                                                                       | 28,39,090            | 28,21,289            |
|             | Work in progress                                                                     | 6,92,375             | 6,86,340             |
|             | Less: Closing stock                                                                  |                      |                      |
|             | Finished goods                                                                       | 29,82,900            | 28,39,090            |
|             | Work in progress                                                                     | 2,03,000             | 6,92,375             |
|             | <b>Change in Inventories</b>                                                         | <b>3,45,565</b>      | <b>-23,836</b>       |
| <b>22</b>   | <b>Employee benefits expense</b>                                                     |                      |                      |
|             | Salaries, Wages and other allowances                                                 | 88,29,180            | 93,42,582            |
|             | Directors remuneration                                                               | 9,00,000             | 9,00,000             |
|             | Staff welfare                                                                        | -                    | 7,204                |
|             |                                                                                      | <b>97,29,180</b>     | <b>1,02,49,786</b>   |
| <b>23</b>   | <b>Finance Cost</b>                                                                  |                      |                      |
|             | Interest expense                                                                     | 2,64,218             | 3,75,349             |
|             | Other borrowing costs (Bank Charges)                                                 | 21,676               | 26,556               |
|             |                                                                                      | <b>2,85,894</b>      | <b>4,01,905</b>      |
| <b>24</b>   | <b>Other expenses</b>                                                                |                      |                      |
|             | Electricity Charges                                                                  | 43,82,280            | 39,00,271            |
|             | Audit Fee                                                                            | 1,72,500             | 1,72,500             |
|             | Rent                                                                                 | 11,76,400            | 12,54,334            |
|             | Traveling Expenses                                                                   | 29,85,427            | 8,86,084             |
|             | Legal & Professional                                                                 | 31,05,691            | 13,62,772            |
|             | Transportation charges                                                               | 9,57,698             | 12,02,608            |
|             | Telephone Charges                                                                    | 77,205               | 1,25,610             |
|             | Repairs and maintainance                                                             | 84,829               | 2,60,048             |
|             | Factory Maintanance                                                                  | -                    | 1,01,083             |
|             | Insurance                                                                            | 1,65,638             | 1,73,847             |
|             | Business Promotion                                                                   | -                    | 3,46,500             |
|             | Advertisement                                                                        | 94,840               | 54,500               |
|             | Trade Discount                                                                       | 48,64,239            | -                    |
|             | ROC Fees                                                                             | 36,86,662            | -                    |
|             | Expenses other than above                                                            | 22,55,577            | 8,23,843             |
|             |                                                                                      | <b>2,40,08,986</b>   | <b>1,06,64,000</b>   |





## **01. SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS AS AT 31<sup>st</sup> MARCH, 2020.**

### **A. Company Overview:**

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

### **B. Significant accounting policies:**

#### **1.1 Statement of compliance**

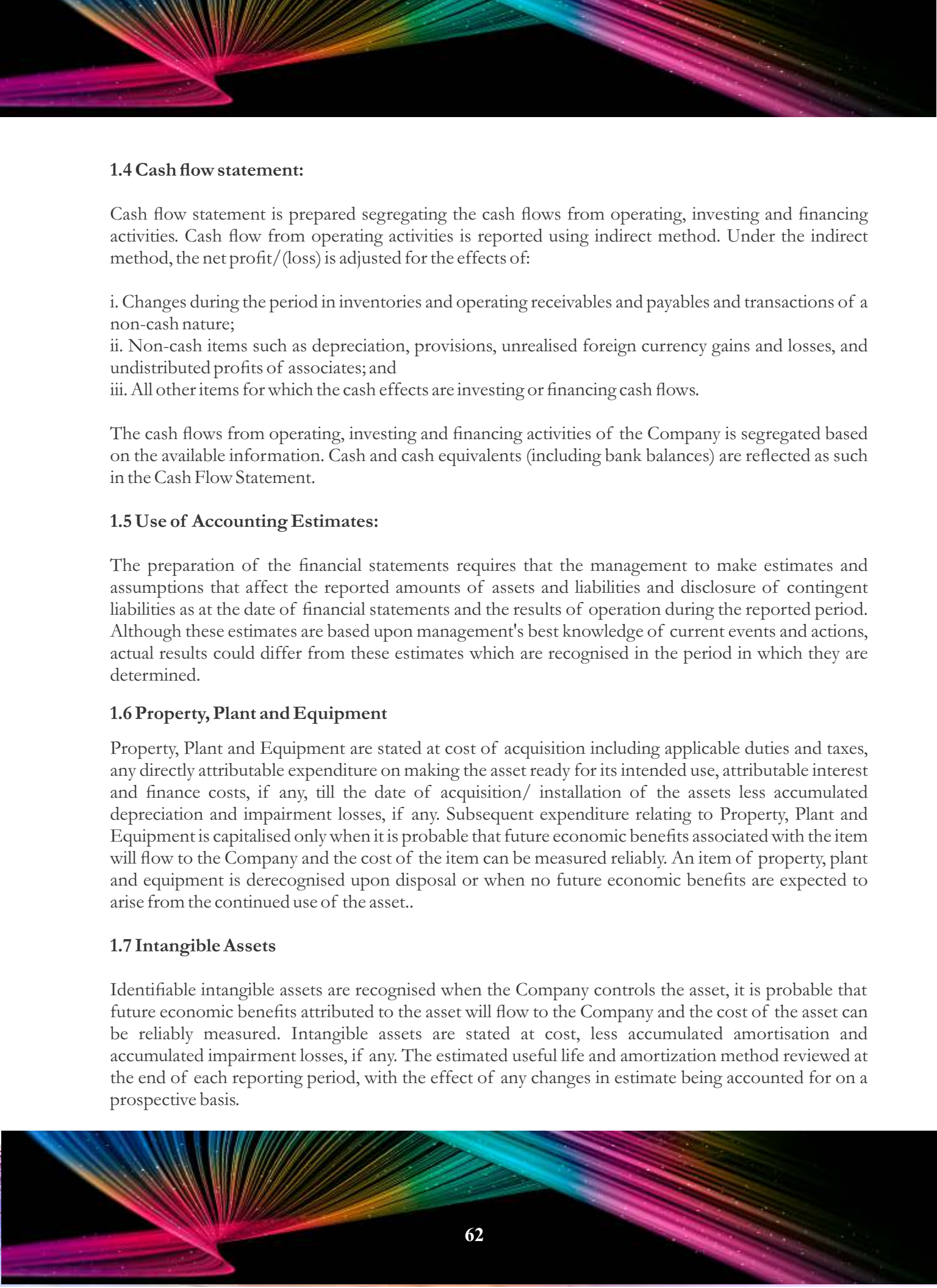
The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The Company has prepared its financial statements for all periods up to the year ended 31<sup>st</sup> March 2017 in accordance with the standards notified under the Companies (Accounting Standards) Rules 2006 ("previous GAAP"). The figures for the year ended 31<sup>st</sup> March 2018 was restated as per Ind AS to provide comparison. The financial statements for the year ended 31<sup>st</sup> March 2018 was the first financial statements prepared by the Company in accordance with Ind AS.

#### **1.2 Basis of preparation**

These financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property plant and equipment that were revalued in earlier years in accordance with the previous GAAP principles and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### **1.3 Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of cash flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.



#### **1.4 Cash flow statement:**

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

- i. Changes during the period in inventories and operating receivables and payables and transactions of a non-cash nature;
- ii. Non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. All other items for which the cash effects are investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company is segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

#### **1.5 Use of Accounting Estimates:**

The preparation of the financial statements requires that the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

#### **1.6 Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition including applicable duties and taxes, any directly attributable expenditure on making the asset ready for its intended use, attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised 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. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset..

#### **1.7 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. Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. The estimated useful life and amortization method reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



## 1.8 Depreciation/ Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value.

Depreciation on Property, Plant and equipment has been provided on Straight-Line method in accordance with the Schedule II of the Companies Act, 2013, based on the useful life estimated on the technical assessment as in force and proportionate depreciation are charged for additions/deletions during the year. In respect of additions / deletions to the fixed assets / leasehold improvements, depreciation is charged from the date the asset is ready to use / up to the date of deletion. The asset's useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

## 1.9 Financial instruments:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### a. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

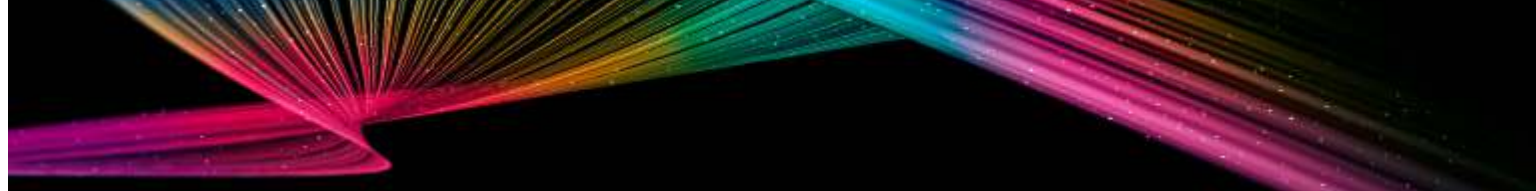
### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

#### Financial Assets at Amortised Cost

A financial asset is subsequently 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.





## **Financial Assets Measured at Fair Value**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. Further, in case where the company has made an irrevocable selection based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income. In any other case, financial asset is fair valued through profit and loss.

## **Impairment of Financial Assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

## **De-recognition of Financial Assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

## **b. Equity Instruments and Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into 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 the Company



after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

### **Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables 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.

### **Subsequent Measurement**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

### **De-recognition of Financial Liabilities**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. 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 de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

### **c. Offsetting Financial Instruments**

Financial assets and financial liabilities are off set and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

**1.10 Investment property:** Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS16's requirement for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal.

Any gain or loss arising on de-recognition of the property is included in profit or loss in the period in which the property is derecognised.

### **1.11 Inventories:**



### **Raw Materials:**

Raw Materials, construction materials and stores & spares are valued at weighted average cost or under. Cost includes all charges in bringing the materials to the place of usage, excluding refundable duties and taxes.

### **Work in Progress:**

Work-in-Progress is valued at the contracted rates less profit margin / estimates.

## **1.12 Cash and cash equivalent**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

## **1.13 Provisions, Contingent Liabilities and Contingent Assets :**

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources.

Contingent assets are disclosed in the financial statements when flow of economic benefit is probable.

## **1.14 Revenue Recognition**

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

1. Cost plus contracts: Revenue from cost plus contracts is determined with reference to the recoverable costs incurred during the period and the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably subject to condition that it is probable that such cost will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completions the proportion of cost of work performed to-date, to the total estimated contract costs.

The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- i. the amount of revenue can be measured reliably;



- 
- ii. it is probable that the economic benefits associated with the contract will flow to the company;
  - iii. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
  - iv. the costs incurred or to be incurred in respect of the contract can be measured reliably.

Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables. The amount of retention money held by the customers is disclosed as part of other current assets and is reclassified as trade receivables when it becomes due for payment.

### 1.15 Other income:

**a) Dividend Income:** Dividend income from Investments is recognised when the shareholder's right to receive payment has been established.

**b) Interest income:** Interest income from a financial asset is recognised when it is probable that the economic

benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 1.16 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 1.17 Claims

Claims against the company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

### 1.18 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and



disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Uncalled liability on shares and other investments partly paid
- c) Funding related commitment to subsidiary, associate and joint venture companies and
- d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### **1.19 Foreign exchange translation and foreign currency transactions:**

The functional currency and presentation currency of the Company is the Indian rupee.

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

The exchange difference on restatement of long term receivables / payables from / to foreign operations that are considered as net investments in such operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate.

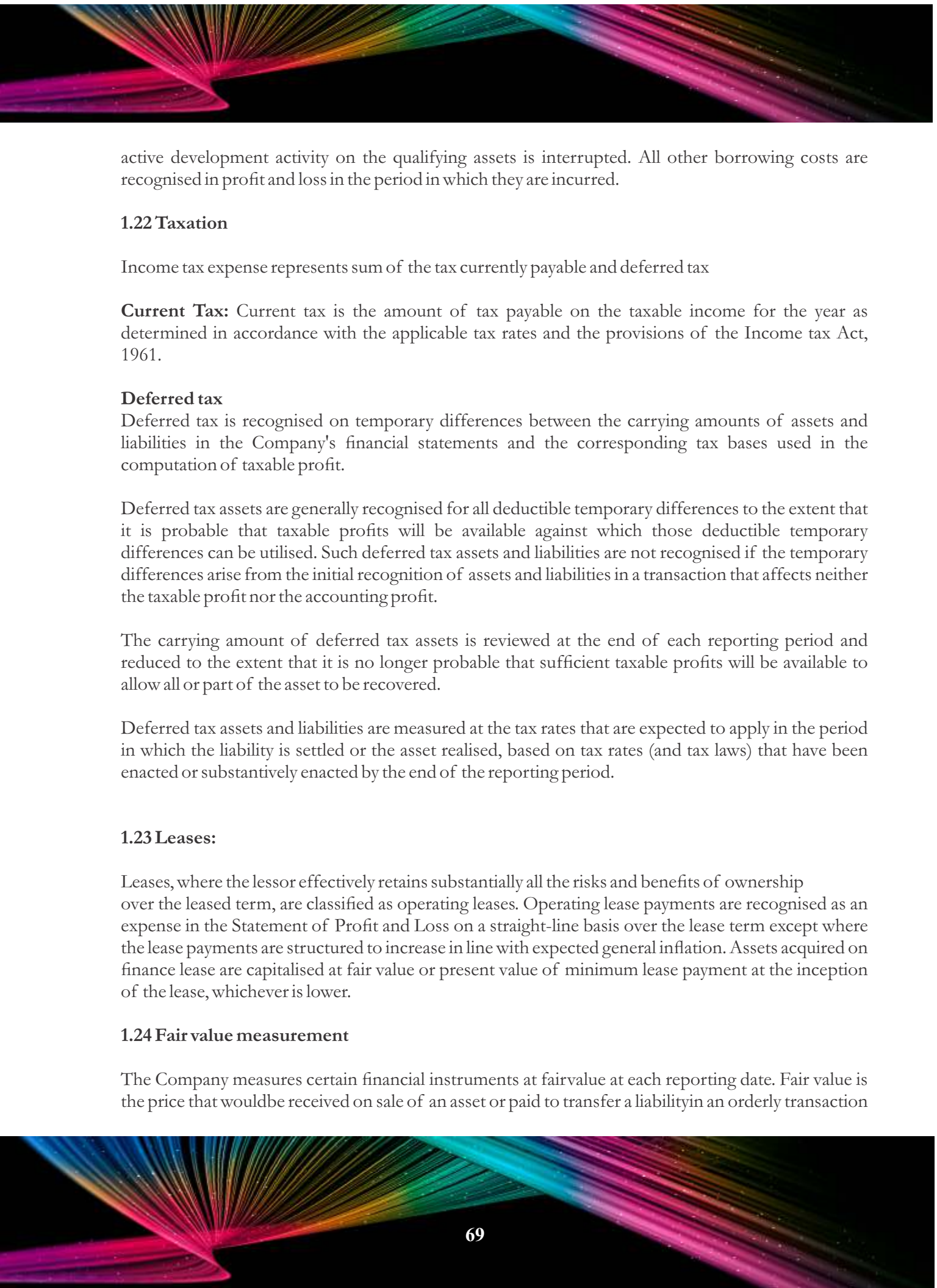
### **1.20 Employee Benefits:**

Provident fund is defined Contribution scheme and contributions are charged to profit and loss account of the year when the contributions to the respective funds are due. Other retirement benefits such as Gratuity, leave encashment etc., are recognized on basis of an Actuarial Valuation.

### **1.21 Borrowing Costs:**

Borrowing costs include interest expense calculated using the effective interest method and finance charges in respect of assets acquired on finance lease.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are included in the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when



active development activity on the qualifying assets is interrupted. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

## 1.22 Taxation

Income tax expense represents sum of the tax currently payable and deferred tax

**Current Tax:** Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

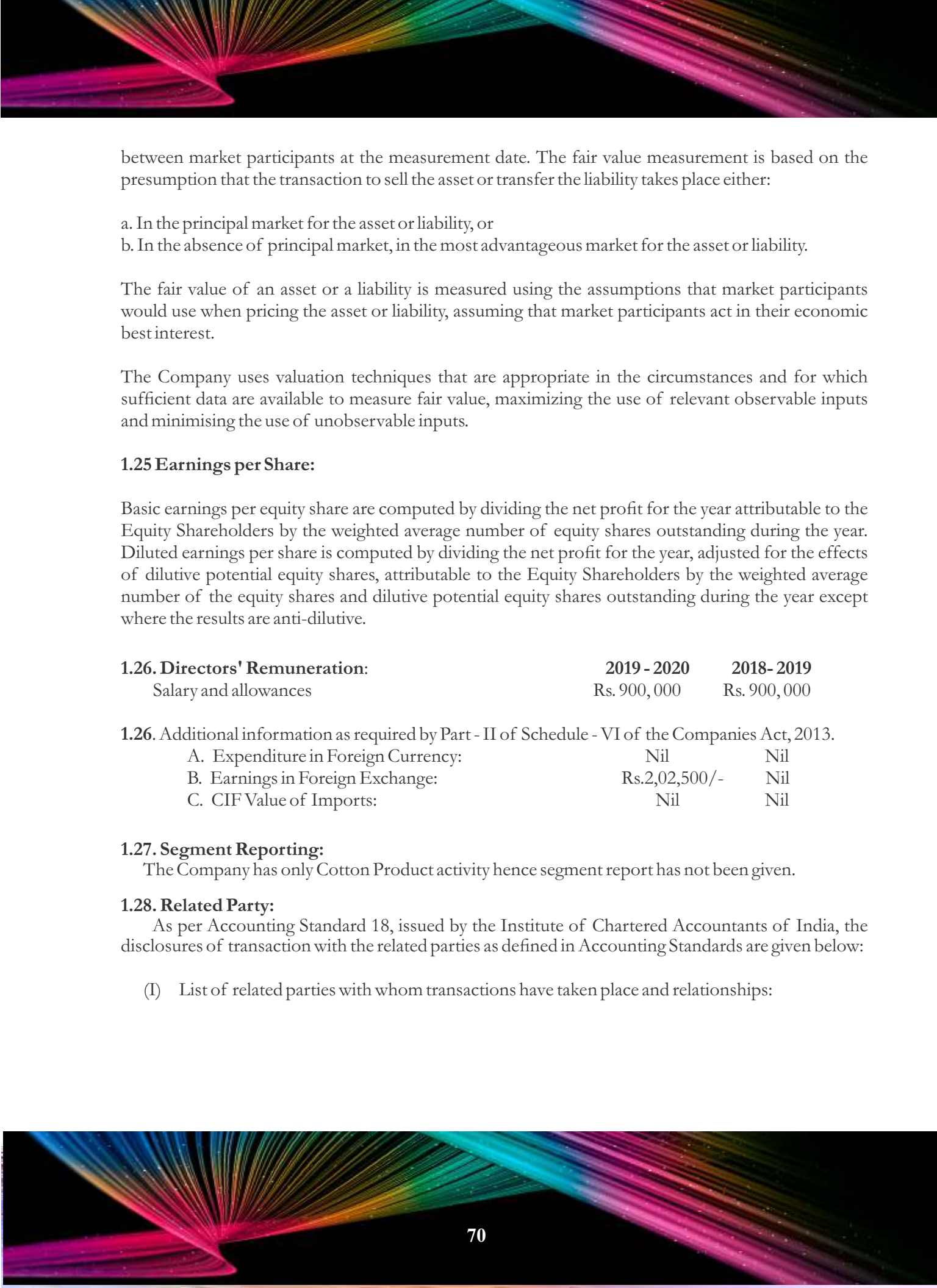
## 1.23 Leases:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where the lease payments are structured to increase in line with expected general inflation. Assets acquired on finance lease are capitalised at fair value or present value of minimum lease payment at the inception of the lease, whichever is lower.

## 1.24 Fair value measurement

The Company measures certain financial instruments at fairvalue at each reporting date. Fair value is the price that wouldbe received on sale of an asset or paid to transfer a liabilityin an orderly transaction





between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a. In the principal market for the asset or liability, or
- b. In the absence of principal market, in the most advantageous market for the asset or liability.

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 economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

### 1.25 Earnings per Share:

Basic earnings per equity share are computed by dividing the net profit for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year, adjusted for the effects of dilutive potential equity shares, attributable to the Equity Shareholders by the weighted average number of the equity shares and dilutive potential equity shares outstanding during the year except where the results are anti-dilutive.

### 1.26. Directors' Remuneration:

Salary and allowances

| 2019 - 2020 | 2018- 2019  |
|-------------|-------------|
| Rs. 900,000 | Rs. 900,000 |

### 1.26. Additional information as required by Part - II of Schedule - VI of the Companies Act, 2013.

|                                     |               |     |
|-------------------------------------|---------------|-----|
| A. Expenditure in Foreign Currency: | Nil           | Nil |
| B. Earnings in Foreign Exchange:    | Rs.2,02,500/- | Nil |
| C. CIF Value of Imports:            | Nil           | Nil |

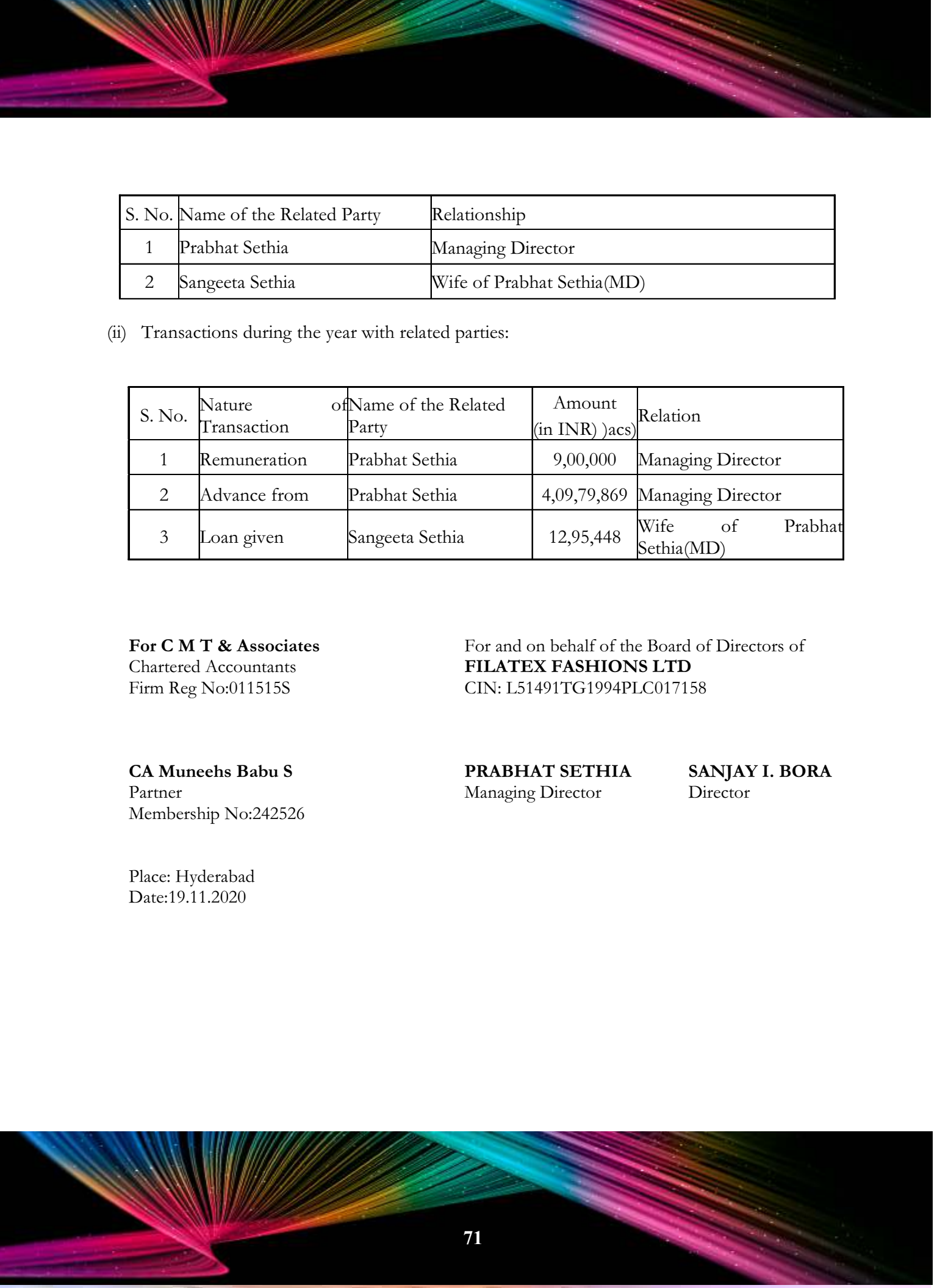
### 1.27. Segment Reporting:

The Company has only Cotton Product activity hence segment report has not been given.

### 1.28. Related Party:

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in Accounting Standards are given below:

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



| S. No. | Name of the Related Party | Relationship               |
|--------|---------------------------|----------------------------|
| 1      | Prabhat Sethia            | Managing Director          |
| 2      | Sangeeta Sethia           | Wife of Prabhat Sethia(MD) |

(ii) Transactions during the year with related parties:

| S. No. | Nature of Transaction | Name of the Related Party | Amount (in INR) )acs) | Relation                   |
|--------|-----------------------|---------------------------|-----------------------|----------------------------|
| 1      | Remuneration          | Prabhat Sethia            | 9,00,000              | Managing Director          |
| 2      | Advance from          | Prabhat Sethia            | 4,09,79,869           | Managing Director          |
| 3      | Loan given            | Sangeeta Sethia           | 12,95,448             | Wife of Prabhat Sethia(MD) |

**For C M T & Associates**  
Chartered Accountants  
Firm Reg No:011515S

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

**CA Muneehs Babu S**  
Partner  
Membership No:242526

**PRABHAT SETHIA**  
Managing Director

**SANJAY I. BORA**  
Director

Place: Hyderabad  
Date:19.11.2020



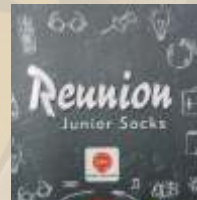
*Filatex Fashions Ltd.*



*Filatex Fashions Ltd.*



# OUR BRANDS



*Filatex Fashions Ltd.*



ISO 9001 : 2015 Certified

## Factory

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

## Office

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