

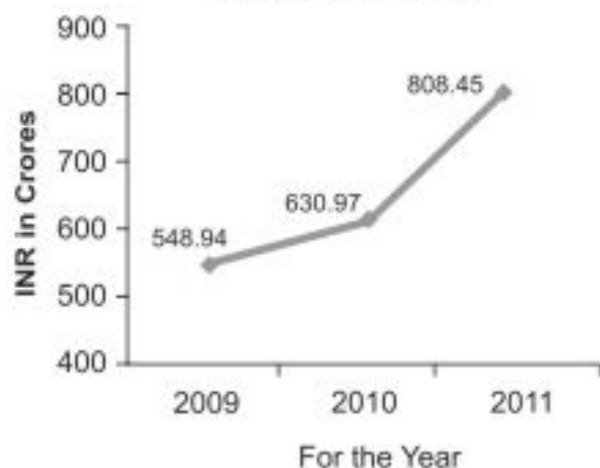
# 35<sup>TH</sup> ANNUAL REPORT

## 2010-2011

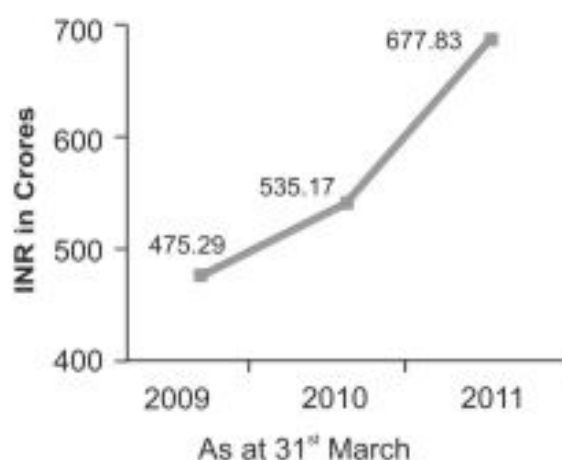


**BANSWARA SYNTEX LIMITED**

### Total Income



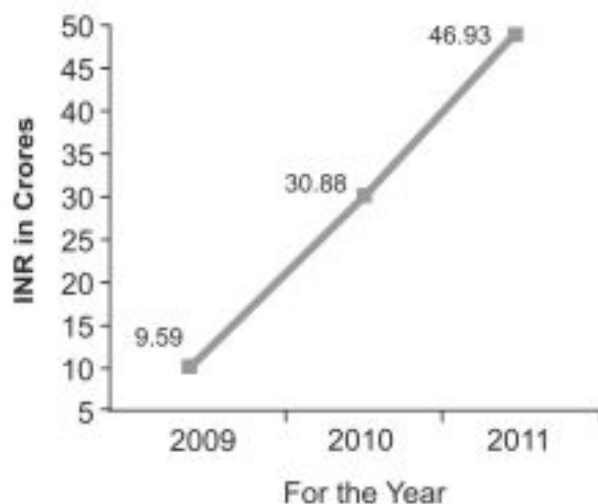
### Gross Fixed Assets



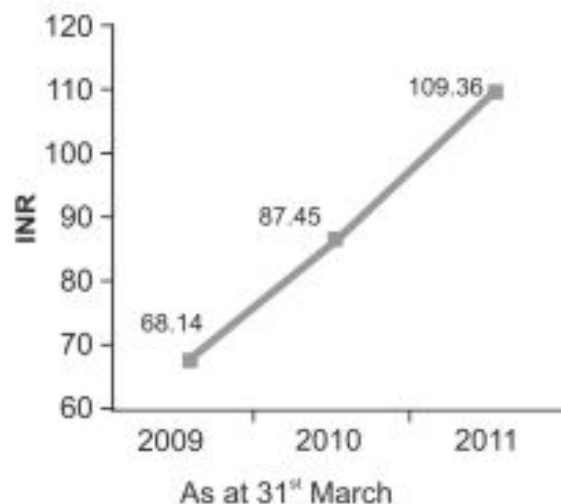
## KEY HIGHLIGHTS OF 2010-11

- Total Income increased by 28.13%
- EBIDTA increased by 29.79%
- PAT more than 1.52 times.
- Basic EPS Rs.32.05
- Net Worth Rs.160 Cr.
- Net Worth and DTL Rs.190 Cr.
- Book Value of Shares Rs.109.36 per share
- Dividend 50%
  - ▶ 20% Interim in Nov-10
  - ▶ 30% Final in FY 2010-11

### Profit After Tax



### Book Value Per Share



## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

TURNOVER AND PROFITS	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Turnover</b> (Including Export)	<b>83,801</b>	64,683	55,895	45,145	41,343
<b>Exports</b> (Including Deemed Exports & Benefits)	<b>52,275</b>	41,113	36,644	28,152	25,694
<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>13,899</b>	10,709	7,698	5,120	5,685
<b>Interest</b>	<b>4,246</b>	3,302	3,629	2,373	1,781
<b>Profit Before Depreciation &amp; Tax</b>	<b>9,653</b>	7,407	4,069	2,747	3,904
<b>Profit After Depreciation</b>	<b>6,251</b>	4,334	1,129	567	2,278
<b>Tax – Fringe Benefits</b>	-	-	30	29	23
<b>Current</b> (Net of MAT Credit Entitlement)	<b>1,300</b>	736	-	-	646
<b>Deferred</b>	<b>294</b>	530	140	96	115
<b>Profit After Tax</b>	<b>4,693</b>	3,088	959	442	1,494
<b>Dividend %</b>	<b>50@</b>	35	18	12	20
ASSETS AND LIABILITIES					
<b>Gross Fixed Assets</b> (Net of Revaluation)	<b>67,783</b>	53,517	47,529	43,433	33,949
<b>Net Fixed Assets</b>	<b>47,597</b>	36,255	33,090	31,915	24,452
<b>Net Current and Other Assets</b>	<b>28,444</b>	21,747	14,401	12,421	9,596
<b>Equity Share Capital</b>	<b>1,474</b>	1,308	1,308	1,308	1,251
<b>Preference Share Capital</b>	<b>173</b>	173	173	173	173
<b>Reserves &amp; Surplus</b> (Excluding Revaluation Reserve)	<b>14,518</b>	10,131	7,622	6,945	6,463
<b>Net Worth</b>	<b>15,992</b>	11,439	8,931	8,253	7,714
<b>Deferred Tax Liability</b>	<b>3,016</b>	2,723	2,193	2,053	1,957
<b>Secured Loans</b>	<b>56,264</b>	42,424	35,406	33,207	23,039
<b>Other Long Term Liabilities</b>	<b>2,139</b>	2,444	2,039	1,758	1,866
RATIOS					
<b>Book Value Per Share (Rs.)</b>	<b>109.36*</b>	87.45*	68.14*	62.97*	61.50*
<b>Earning Per Share (Rs.)</b>					
- Basic	<b>32.05*</b>	23.56*	7.29*	3.34*	12.02*
- Diluted	<b>31.79*</b>	20.92*	7.29*	3.34*	11.39*

@ Includes Interim dividend @ 20% (previous year @ 15%)

\* Calculated after giving effect of issue of Bonus Shares during 2006-07.

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Shri R.L. Toshniwal, Chairman & Managing Director  
Shri Ravi Toshniwal, Joint Managing Director  
Shri Rakesh Mehra, Whole-time Director  
Shri Shaleen Toshniwal, Whole-time Director  
Shri P. Kumar  
Shri D.P. Garg  
Shri S.B. Agarwal  
Shri Vijay Kumar Agarwal  
Shri Kamal Kishore Kacholia  
Shri A.N. Jariwala  
Shri Vijay Mehta  
Shri P. K. Bhandari  
Dr. R. Swaminathan, Nominee Director

### EXECUTIVES

Shri S.S. Sajal, President  
Shri J.K. Rathi, President (Commercial)  
Shri J.K. Jain, Sr. Vice President (Finance & Commerce)  
& Company Secretary  
Shri S.N. Gupta, Senior Vice President (Technical)  
Shri S.S. Kella, Vice President (Audit & Taxation)  
Shri S.R. Jain, Vice President (Engineering)  
Shri Ashok Mishra, Vice President (Technical Worsted)  
Shri Nailesh Joshi, Vice President (Technical-Surat SEZ Unit)  
Shri Prashant Joshi, Vice President (Processing)  
Shri D.K. Menariya, Vice President (Personnel)

### AUDITORS

M/s. Kalani & Company, Chartered Accountants  
Mangal Marg  
Bapu Nagar  
JAIPUR-302 004 (Raj.)

### BANKERS

Punjab National Bank  
Union Bank of India  
Bank of Baroda  
Bank of India

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Computech Sharecap Ltd.  
147, Mahatma Gandhi Road,  
Opp. Jehangir Art Gallery, Fort  
MUMBAI-400 001  
e-mail: helpdesk@computechsharecap.com  
Website: www.computechsharecap.in  
Phone No. (022)-22635000, 22635001  
Fax : (022) - 22635005

## OFFICES

### REGISTERED OFFICE

Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)  
e-mail : secbsw@banswarafabrics.com  
website : www.banswarasyntex.com  
Phone No. (02962) 257676, 257677, 257679-681  
240690, 240691  
Fax No. (02962) 240692

### HEAD/MARKETING OFFICE

5<sup>th</sup> Floor, Gopal Bhawan  
199, Princess Street  
MUMBAI-400 002

### DELHI OFFICE

Flat No. 204,  
E-2, A.R.A. Centre  
Jhandewalan Extn.  
NEW DELHI-110 055

### JAIPUR OFFICE

Ankur Apartments,  
S-6, Jyoti Nagar Extension  
JAIPUR-302 005 (Raj.)

## PLANTS

**Banswara Unit** (Spinning, Weaving,  
Finishing & Madeups)  
Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)

### Daman Unit (Garment)

- 98/3, Village Kadalya  
Nani Daman  
DAMAN-396 210 (U.T)
- Survey No. 713/1, 713/2, 713/3, 725/2 &  
725/1 Village Dabhel, Nani Daman,  
DAMAN-396 210 (U.T)
- Survey No. 722/9  
Village Dabhel, Nani Daman  
Dist. Daman-396 210 (U.T)

### Surat Unit (Garment)

Plot No. 5-6, G.I.D.C., Apparel park  
SEZ Sachin  
SURAT-394 230 (GUJARAT)

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## QUALITY POLICY

WE, BANSWARA SYNTEX LIMITED, WISH TO BE WORLD CLASS IN THE MANUFACTURE OF YARN & FABRIC. OUR ENDEAVOR IS TO ANTICIPATE & EXCEED CUSTOMER SATISFACTION BY UNDERSTANDING CUSTOMER'S NEED AND EXPECTATION AND THUS, ENSURING QUALITY AND TIMELY DELIVERY BY:-

- BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
- CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
- CONTINUAL IMPROVEMENT IN QMS & QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHODS OF WORK.
- PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.



## NOTICE

NOTICE is hereby given that 35<sup>th</sup> Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Friday the day of 5<sup>th</sup> August, 2011 at its Registered Office at Industrial Area, Dohad Road, Banswara (Raj.) at 3.30 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 and the Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares for the year 2010-11 and to declare a Final Dividend on Equity Shares for the year 2010-11.
3. To declare dividend on Preference shares for the year 2010-11.
4. To appoint a Director in place of Shri D.P. Garg who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.N. Jariwala who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri S.B. Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint the Auditors and to fix their remuneration.

### SPECIAL BUSINESS

#### 8. To amend the Articles of Association

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force), existing Article 122 of the Articles of Association of the Company relating to the Capitalization of Reserves be and is hereby altered by deleting the same and substituting, in place thereof, the following new Article 122 :-

122. "The Board of Directors at its meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves or any Capital Redemption Reserve Accounts or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and

standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full any un issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that, any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, be applied only in paying up un issued shares to be issued to shareholders of the Company as fully paid bonus shares."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to Managing Director and/ or to any other director / directors or any other officer / employee/ advisor of the Company, as they may, in their absolute discretion, deem necessary, proper, desirable or expedient to give effect to this Resolution."

#### 9. Appointment of Director

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

"RESOLVED THAT Shri P.K. Bhandari, who was appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from one of its Member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

#### Registered Office

Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)

By order of the Board

**J.K. JAIN**

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

Sr. Vice President (F&C)  
& Company Secretary

### NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy, in order to be effective, should be duly stamped, filled, signed and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. M/s Computech Sharecap Limited is the Registrar and Share Transfer Agent (RTA) for physical shares and is also the depository interface of the Company with both CDSL and NSDL.
4. The Register of Members and Shares Transfer Books of the Company shall remain closed from 30<sup>th</sup> July, 2011 to 5<sup>th</sup> August, 2011 (both days inclusive) in connection with the payment of final dividend for the financial year 2010-11.
5. Shareholders are requested to immediately notify to the Company any change in their address.
6. Keeping in view of the new provision of Ministry of Corporate Affairs (MCA), the Company may send various notices/documents to its members through electronic mode to the registered e-mail addresses of the shareholders. In view of this to register e-mail ID, the shareholders are requested to provide their e-mail ID to the Company duly mentioning their Folio No., Shareholder Name and number of shares held as on date. This can also be sent by electronic mode to the Company at following e-mail IDs of the Company and/or its RTA.
  - a) secbsw@banswarafabrics.com
  - b) helpdesk@compuetechsharecap.com
7. The shareholders, who have not converted their shares in demat form, are requested to do so, in their own interest.
8. The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 10<sup>th</sup> August, 2011 as under:-
  - a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on 29<sup>th</sup> July, 2011.
  - b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the company before the closing hours on 29<sup>th</sup> July, 2011.
9. Members holding shares in physical form are advised

to furnish, on or before 20<sup>th</sup> July, 2011, particulars of their bank account, if changed, to the Company to incorporate the same in the dividend warrants.

In case of payments to the shareholders holding shares in dematerialized form, particulars of bank account registered with their depository participants will be considered by the Company to incorporate the same in the dividend warrants.

10. The Company has declared dividends for the years 2003-04 to 2009-10. It has also declared interim dividends for the years 2009-10 and 2010-11. The shareholders who have, so far, not encashed the dividend warrants, are hereby informed to encash their dividend warrants by surrendering the same, in original, to the Company and getting the demand drafts issued in lieu thereof. As per the provisions of the Companies Act, the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund. Unpaid dividend for the year 2003-04 will be transferred to the above fund in July, 2011. Please, therefore, encash the unclaimed dividend before it is transferred to above fund.
11. The Company is providing facility of Electronic Clearing Services (ECS) for payment of dividend to shareholders residing in selected cities. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility in the form being forwarded with the Annual Report. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.
12. The documents referred to in the proposed resolutions are available for inspection at the registered office of the Company during working hours between 10.00 A.M. and 1.00 P.M. except on holidays.
13. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers can be made available at the meeting.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### Item No.8

The present Article 122 of the Articles of Association of the Company confers powers upon shareholders for capitalization of reserves of the Company and distribution thereof amongst the shareholders by way of bonus shares or otherwise. In terms of provisions in regulation 95 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, a proposal for bonus issue can be implemented without the approval of shareholders and with the approval by the Board of Directors, provided there are provisions in





the Articles of Association of the Company to that effect.

In terms of provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for expeditious disposal of future bonus issues, it is recommended that powers with regard to capitalization of profits / reserves be conferred upon the Board of Directors, as now permitted under law and the Article 122 of the Articles of Association of the Company be altered as proposed in the resolution.

Directors of the Company may be regarded as interested to the extent of their shareholding in the Company.

The Directors recommend the Resolution for your approval.

**Item No.9**

Shri P.K. Bhandari was appointed as an Additional Director of the Company in the Board Meeting held on 6<sup>th</sup> February, 2011. As per the provisions of Section 260 of the Act, he shall hold office only upto the date of the ensuing Annual General Meeting of the Company, and is eligible for appointment as a Director.

The Company has received a Notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Shri P.K. Bhandari for the office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956 (the Act).

It will be in interest of the Company that Shri P.K. Bhandari is appointed as Director who, if appointed, shall be liable to retire by rotation in accordance with the provisions of Articles of Association of the Company.

A brief Resume of Shri P.K. Bhandari, nature of expertise in specific functional areas and names of Companies in which he holds Directorships and memberships/Chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements signed by the Company with the Stock Exchanges in India, are provided in Report of Corporate Governance forming part of the Annual Report.

Save and except Shri P.K. Bhandari, none of the other Directors of the Company are, in any way, concerned or interested in this Resolution.

The Board recommends the Ordinary Resolution for approval.

**Registered Office**

Industrial Area, Dohad Road  
BANSWARA-327 001 (Ra.)

By order of the Board

**J.K. JAIN**

Place : Mumbai

Date : 16<sup>th</sup> May, 2011

Sr. Vice President (F&C)  
& Company Secretary

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors are pleased to present the 35<sup>th</sup> Annual Report of the Company together with its Audited Accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL REVIEW

	(Rs. in Lacs)	
	This year 2010-11	Previous year 2009-10
Gross Income	83,801	64,683
Net Income	80,845	63,097
Profit before exceptional items, depreciation & tax	10,140	6,799
Profit before extra-ordinary items, depreciation & tax	9,509	6,799
Profit before depreciation & tax	9,653	7,407
Less : Depreciation	3,402	3,073
Profit before tax	6,251	4,334
Tax on Income	1,558	1,246
(a) Current Tax	1,300	736
(b) Deferred Tax	294	530
	1,594	1,286
Less : MAT Credit Entitlement	36	20
Profit after Tax	4,693	3,088
Balance brought forward	1,044	536
Excess Dividend Amount Written Back	38	-
Amount available for appropriation	5,775	3,623
Appropriations :		
Interim Dividend and Tax thereon (paid during the year)	344	229
Proposed Dividend on Preference Shares	5.19	5.19
Proposed Final Dividend on Equity Shares	439	295
Tax on Dividend	72	50
Transfer to General Reserve	3,500	2,000
Balance Carried to Balance Sheet	1,415	1,044
Earning per share (Rs) : Basic :	32.05	23.56
Diluted :	31.79	20.92

### OPERATIONS

During the year 2010-11, your Company's performance in all the areas of operations has improved significantly. Production of synthetic yarn increased to 274 Lac Kgs., up by 7%, and that of worsted yarn increased to 12.13 Lac Kgs., up by 92%. Similarly, the production of suitings at 324 Lac Mtrs. went up by 26%. The Company's garment production also increased by about 30% to 20.45 Lac pcs. The Company also made its forays in the production of technical textiles.

During the year 2010-11, the Company's net income from operations at Rs.808 Crores recorded a growth of 28% over Rs.631 Crores in 2009-10. The Company's turnover of yarn increased by 18%, fabric by 37% and garments by 36% as compared to previous year. This conforms to the Company's future business plan for a major thrust on value-added fabric and garment business.

The profit before depreciation and tax for the year 2010-11 at Rs.96.53 Crores recorded an impressive growth of about 30%.

The profit before tax and net profit for the year at Rs.62.51 Crores and Rs.46.93 Crores were up by 44% and 52% respectively over the previous years to give. During the current financial year, the Company has provided for the liability of entry tax and interest thereon pertaining to the financial years from 2006-07 to 2010-11. The Company has paid Rs.1300 Lacs as income tax besides providing Rs.294 Lacs as deferred tax liability for the year under report.

The basic and diluted earning per share for the year 2010-11 works out to Rs.32.05 and Rs.31.79 respectively. (Previous year Rs.23.56 and Rs.20.92).

### EXPORTS

During the year 2010-11, the export turnover at Rs.461 Crores, as against Rs.367 Crores during 2009-10, recorded an increase of 26%. Your Company recorded export growth in yarn by 31% and fabric by 27%. The Company has maintained 65% share of export sales in the total turnover.

During the year under report the Company's marketing as well as design and development teams collected the feed-back in the international market by participation in the international trade fairs, meeting with the customers etc. The Company has added few more new customers World wide. Its design studio for fabric and garments helped the Company to penetrate in the new areas/customers domestically and internationally.

### DIVIDEND

The Company has already paid interim dividend of Rs.2.00 per equity share in November, 2010. Your Directors are now pleased to recommend final dividend of Rs.3.00 per equity share. Thus, the total dividend is Rs.5.00 per equity share (Previous Year- Rs.3.50 per equity share) of Rs.10/- each of the Company. The dividend payout for the year would aggregate Rs.733.45 Lacs besides dividend tax of Rs.120.13 Lacs. The Company has also paid 3% dividend on preference shares.

### INCREASE IN AUTHORIZED SHARE CAPITAL

During the year 2010-11, the authorized share capital of the Company was increased from Rs.25 Crores divided into 2 Crores equity shares of Rs.10/- each and 5 Lacs Redeemable Preference shares of Rs.100/- each to Rs.50 Crores divided into Four Crores Fifty Lacs Equity Shares of Rs.10/- each and Five Lacs Redeemable Preference Shares of Rs.100/- each.

On 27.04.2010, the Company has converted 16,50,000 warrants (issued on preferential basis to persons other than promoters @ Rs.41/- per warrant) into equal number of equity shares. In view of this issued share capital has increased from Rs.1,310.64 Lacs to Rs.1,475.64 Lacs.

In addition, during the year, 19160 partly paid up shares were made fully paid up, on receipt of allotment money from the concerned shareholders. In view of conversion of the above warrants and partly paid up shares into fully paid up shares, Paid up capital has increased from Rs.1,308.14 Lacs to Rs.1,474.09 Lacs.

### EXPANSION, DIVERSIFICATION AND MODERNIZATION

During the year the Company has invested Rs.149.91 Crores for acquisition of fixed assets besides the capital work in progress at Rs.16.16 Crores and advances to the capital goods' suppliers of Rs.7.65 Crores as at 31<sup>st</sup> March, 2011. Capacity expansion has taken place in all the areas of





operations. The Ring spinning capacity increased by 7824 spindles, Air Jet spinning by 160 spindles, besides addition of 66 looms in weaving section, 2 stenters in finishing house and 3 No. lines of production of Trousers & Jackets. The Company discarded 3768 spindles and 22 looms, 2 looms were sold during the year. Besides this, the Company's 2<sup>nd</sup> unit of Captive Thermal Power Plant of 15 MW capacity was also commissioned in March, 2011.

The total production capacity of the Company as at 31<sup>st</sup> March, 2011 for yarn production is 141412 ring spindles including 14400 spindles for worsted yarn spinning, 736 Air Jet spindles, 248 shuttle less looms, 20 Air Jet jacquard looms, 7 stenters with processing capacity of 5 million meters a month and 2.70 Lac pieces of garments per month.

The Company has plans to invest about Rs.80 Crores for expansion and modernization of the plant during the year 2011-12. This would add 18432 ring spindles, 96 looms and 2 No. lines for garments.

### **JOINT VENTURE**

The Joint Venture (JV) Company, Carreman Fabrics India Ltd., has a fabric weaving plant of 60 Rapier Looms of its own along with 17 additionally installed looms of your Company in its premises. Your Company has 50% stake in JV's equity share capital. The JV Company manufactures fabric on job work basis for your Company, the total production during the year 2010-11 being Rs.64.83 Lacs grey meters as against Rs.65.65 Lacs grey meters in the year 2009-10. The JV Company earned net profit of Rs.24.13 lac during 2010-11 as against Rs.46.87 Lacs during 2009-10; the shortfall in the profitability is attributed to lower productivity, increase in manufacturing expenses, repairs and employee cost.

### **POWER PLANT**

The 2<sup>nd</sup> unit of Captive Thermal Power Plant of 15 MW capacity started generation of power from 9<sup>th</sup> March, 2011. The 1<sup>st</sup> unit of Captive Thermal Power Plant is also working satisfactorily. The total power generation capacity of the Company is now 33 MW. During the year, the Company purchased coal from South Eastern Coalfields Ltd. (SECL) against the Fuel Supply Agreement. The coal purchases from SECL have reduced the cost of power generation. The Company has also applied for sanction of Govt. coal quota for the second unit of its Power Plant.

### **FINANCE**

During the year 2010-11, the Company availed Term Loans aggregating Rs.94.67 Crores from Banks and Financial Institutions. The Company has applied for additional term loan of Rs.29 Crores to Exim Bank to part finance company's expansion cum modernization project of Rs.36.25 Crores.

The Company's bankers has provided the need base increase working capital limit during the year.

### **CONTRIBUTION TO EXCHEQUER**

During the year, the Company contributed Rs.4,720 Lacs to the Government Exchequer by way of Excise Duty, Service Tax, Value Added Tax (VAT), Income Tax, Dividend Distribution Tax and other payments.

### **SUBSIDIARY COMPANY**

The Company did not have any subsidiary as on 31<sup>st</sup> March, 2011. However, it has 50% stake in equity capital of Carreman Fabrics India Ltd., a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

### **CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT**

As per Clause 49 of the Listing Agreements with the Stock Exchanges, the Company has adopted a Code of Conduct which is applicable to the members of the Board and senior management. The Company fully complies with the Corporate Governance practices as enunciated in the Listing Agreements; Corporate Governance Report and Management Discussion & Analysis Report are annexed and marked Annexure-I, which form part of this report.

### **FIXED DEPOSITS**

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposits from public. As on 31<sup>st</sup> March, 2011, the Company had such deposits aggregating Rs.793.64 Lacs. Deposits which matured during the year were either renewed or repaid. All the interest and principal dues are being paid regularly. The Company has duly complied with the provisions of the Companies (Acceptance of Deposits) Rules, 1975.

### **DIRECTORS**

The Board of Directors has, in its meeting held on 6<sup>th</sup> February, 2011 appointed Shri P.K. Bhandari as an additional Director. He holds office until the conclusion of ensuing Annual General Meeting. A proposal for his re-appointment is being placed before the Annual General Meeting for approval by the shareholders.

In accordance with the provisions of Articles of Association of the Company, Shri D.P. Garg, Shri A. N. Jariwala and Shri S.B. Agarwal, are retiring by rotation and, being eligible, offer themselves for re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2011 the applicable Accounting Standards have been followed and the Notes to the Accounts are self-explanatory.
- ii. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. The Directors have prepared the annual accounts of the Company for the year ended 31<sup>st</sup> March, 2011 on a going concern basis.

## AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Board has constituted the Audit Committee which presently comprises three independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S. B. Agarwal as members.

The composition, role, functions and powers of the Audit Committee are in accordance with the applicable laws and the Listing Agreements with the Stock Exchanges.

## AUDITORS

### Statutory Auditor

M/s. Kalani & Company, Chartered Accountants, Jaipur, hold office as the Auditors of the Company until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a Certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

### Cost Auditor

The Central Government has approved the appointment of the M/s. K.G. Goyal & Company, Cost Accountants, Jaipur, as Cost Auditors for conducting Cost Audit for the financial Year 2010-11.

The Cost Audit Report for the year 2010-11 shall become due for filing on 27<sup>th</sup> September, 2011. The report is under process.

M/s. K.G. Goyal & Company, Cost Accountants, Jaipur, have been appointed Cost Auditors of the Company for the financial year 2011-12. They have furnished a Certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

## AUDITORS' REPORT

As regards the Auditors' observations, the relevant Notes on Accounts are self-explanatory and, therefore, do not call for any further comments, except in the matter of non payment of Service Tax and Cess thereon of Rs.26.20 Lacs and disputed liabilities of Rs.11.74 Lacs towards the excise duty and Rs.631.56 Lacs towards entry tax. The matter pertaining to service tax refunds taken by the Company are under appeal with CESTAT, New Delhi and Commissioner Appeal, Jaipur, Rajasthan. Excise duty demand is under appeal, with Hon'ble High Court Rajasthan & Joint Secretary Govt. of India while the Entry Tax case is pending with Hon'ble High Court, Rajasthan. The Company has paid Rs.201.81 Lacs on 11.04.2011 against Entry Tax Dues. The Company has also given Solvent Security Undertaking of Rs.315.28 Lacs to Commercial Taxes Department.

These liabilities will be met, if necessary, on final decision of the respective Appellate Authorities.

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

Information pursuant to the provisions of Section 217 (1) (e) of the Companies Act, 1956, in relation to conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'II', which forms part of this report.

## DEMATERIALIZATION OF SHARES

In pursuance of SEBI / Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 97.25% shares have been converted into demat form up to 31<sup>st</sup> March, 2011. The stock code number in NSDL and CDSL for equity shares of the Company is ISIN – INE 629 D01012.

## PARTICULARS OF EMPLOYEES

During the year under report, the relations between the Company's management and its staff/workers continued to remain cordial. The Directors place on record their deep appreciation of the devoted services of the workers, staff and the executives.

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of employees of the Company who were in receipt of remuneration of Rs.5,00,000/- per month or more are annexed and marked Annexure 'III', which forms part of this report.

## ACKNOWLEDGMENT

Your Directors wish to express their grateful appreciation for the co-operation and assistance extended to the company by the financial institutions, banks, various Central & State Government Departments, Customers and Suppliers during the year under review. The Directors thankfully acknowledge the continuous support and guidance of all the shareholders and, more importantly, for the confidence reposed in the Company's management.

For and on behalf of the Board

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

**R. L. TOSHNIWAL**  
Chairman & Managing Director

## ANNEXURE-I TO THE DIRECTORS' REPORT

# CORPORATE GOVERNANCE REPORT

"Corporate Governance" is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the distribution of the role and responsibilities of different participants in the organization, such as, the Board, managers, shareholders and other stakeholders. It also spells out the rules and procedures for decision making on corporate affairs. The Company adheres to good corporate practices and is constantly striving to improve by adopting emerging best practices.

## I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to the best governance practices and their adherence in the true spirit at all times. The Company is also committed to maintain the highest level of transparency, accountability and equity in its operation. It firmly believes that Corporate Governance is about the management and conduct of an organization based on ethical business principles and

commitment to values. It is intended to ensure attractive returns to all stakeholders of the business based on the belief that sound Corporate Governance is pre-requisite to sustain, strengthen and enhance the investors' trust. Corporate Governance is a set of principles, processes and systems to be followed by the directors, executives and all employees of the Company for enhancement of shareholders' value while complying with the provisions of law in all dealings with Government, customers, suppliers, employees and other stakeholders.

The Company has complied with the provisions of the Code of Corporate Governance as per Clause 49 of the Listing Agreements (as amended) with the Stock Exchanges. A report on the implementation of the provisions of the Corporate Governance is furnished hereunder:-

## II. BOARD OF DIRECTORS

The Board of Directors of Banswara Syntex Limited is a balanced one with an optimum mix of Executive and Non-Executive Directors. The 13 member Board of Directors of the Company comprises the Chairman & Managing Director, a Joint Managing Director, two Whole-time Directors, all from the promoter group, and nine Non-executive Independent Directors, including a nominee director of EXIM Bank. Thus, Independent Directors constitute more than 2/3rd of the Board's strength. The Non-executive Independent Directors are eminent professionals with vast experience in business, industry, finance and public enterprises. The Independent Directors are not related to the promoter-directors. The Board provides leadership, strategic guidance, objective analysis and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and accountability.

The Directors do not have any pecuniary relationship with the Company except to the extent of the following:

- |   |   |   |
|---|---|---|
| (a) Managing/Whole-time Directors       | - | Remuneration as per their terms of appointment and reimbursement of expenses actually incurred for the business of the Company, within the approved terms and conditions. |
| (b) Non-executive Independent Directors | - | Reimbursement of expenses and payment of sitting fees for the Board/Committee meetings attended by them.  |

Five Board meetings were held during the year 2010-11 i.e. on 27<sup>th</sup> April, 2010, 26<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010 and 6<sup>th</sup> February, 2011. The frequency and quorum etc. at these meetings were in conformity with the provisions of the Companies Act, 1956. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March, 2011.

### A. Composition of the Board of Directors as on 31.03.2011 and attendance at the Board meetings during the year:

Name of the Director	Attendance at last AGM	No. of Board meetings attended	Category of Director	No. of directorship in other Public Limited Companies	No. of other Board Committees of which	
					Member	Chairman
Shri R. L. Toshniwal	Yes	5	ED	3	1	-
Shri Ravi Toshniwal	Yes	4	ED	2	-	-
Shri Rakesh Mehra	Yes	5	ED	1	-	-
Shri Shaleen Toshniwal	Yes	4	ED	-	-	-
Shri P. Kumar	Yes	5	NEID	1	1	3
Shri A.N. Jariwala	No	4	NEID	2	-	1
Shri Kamal Kishore Kacholia	Yes	4	NEID	1	-	-
Shri Vijay Mehta	No	5	NEID	4	-	-
Shri. D.P. Garg	No	5	NEID	1	-	-
Shri S.B. Agarwal	Yes	4	NEID	2	1	1
Shri Vijay Kumar Agarwal	No	3	NEID	2	-	-
Shri P.K. Bhandari*	N/A	1	NEID	12	3	2
Dr. R. Swaminathan (Nominee Director of EXIM Bank)	Yes	4	NEID	1	-	-

ED- Executive Director, NEID- Non Executive Independent Director

\* Appointed w.e.f. 06.02.2011

### B. Board Procedure

The members of the Board are provided with the requisite information mentioned in the Listing Agreements well before the Board meetings.

The Board considers all the matters which are statutorily required to be considered by it. In addition, following issues are also discussed at the meetings of the Board:

- \* Annual operating and capital expenditure budgets and periodical review thereof.
- \* Investment/expansion/modernization/diversification plans of the Company.
- \* Overall strategy and business plans.

- Approval of quarterly/half-yearly/annual results (after review by Audit Committee)
- Compliance with statutory/regulatory requirements and review of major pending legal cases.
- Foreign exchange exposure and risks.
- Major accounting practices, provisions and write-offs.
- Transactions pertaining to acquisition/disposal of fixed assets and related parties.
- Review of working of various Committees of the Board.
- Issues regarding mergers and amalgamations, joint ventures, collaborations, etc. with any other Company/entity.
- Significant labour problems, if any.
- General industrial environment and developments related to textile industry, in particular.

All the Directors, who are members of the various committees, are within the limits prescribed in the Listing Agreements. The Directors have intimated, from time to time, about their directorship/membership of committees in other companies.

Details of Shareholding of Directors as on 31<sup>st</sup> March, 2011

Sr. No.	Name of Director	Number of shares
1.	Shri R.L. Toshniwal	10,70,054
2.	Shri Ravi Toshniwal	9,46,447
3.	Shri Shaleen Toshniwal	13,70,913
4.	Shri Vijay Mehta	513

The Company has not issued any shares/debentures to the promoters during the year.

### III. COMMITTEES OF THE BOARD

Currently, there are four Committees of the Board viz. Audit Committee, Remuneration Committee, Shareholders' Grievances Committee and Share Transfer Committee. The Committees appointed by the Board focus on specific areas and take informed decisions within their delegated authority. The Committees also make specific recommendations to the Board on various matters from time-to-time. Matters requiring the Board's attention/ approval are generally placed before the Board by the respective Committee's chairman. The role and composition of these Committees, the number of meetings held during the financial year and the related attendance thereat are provided below:

#### A. AUDIT COMMITTEE

##### OBJECTIVE

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for conducting independent audits of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee has been constituted to assist the Board in overseeing the quality and integrity of the accounting, auditing and reporting policies/practices of the Company and its compliance with the legal and regulatory requirements. The Committee accordingly monitors the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the internal auditors and the Company's risk management policies. The Committee reviews the pending litigation cases against the Company as well as show cause notices received from various authorities. The Audit Committee also reviews the periodic internal and statutory auditors' reports.

Minutes of meetings of the Audit Committee are circulated to members of the Committee and placed before the Board for its confirmation.

##### COMPOSITION :

The Audit Committee comprises 3 Non-executive Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S. B. Agarwal.

##### MEETINGS

Five meetings of the Committee were held during the year 2010-11 i.e. on 27<sup>th</sup> April, 2010, 26<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010 and 6<sup>th</sup> February, 2011.

The frequency and quorum, etc. at these meetings were in conformity with the provisions of the Companies Act, 1956 as also the Listing Agreements with the Stock Exchanges.

##### ATTENDANCE

The attendance of the members at these meetings was as under:

Name of the Member	Meetings held (No.)	No. of meetings attended
Shri P. Kumar	5	5
Shri Kamal Kishore Kacholia	5	4
Shri S. B. Agarwal	5	4



Members of the Audit Committee have requisite financial and management expertise and hold /have held senior positions in reputed organizations.

At the invitation of the Committee, representatives of various departments of the Company besides the Whole-time Director- in-charge of finance function, Statutory Auditors, Internal Auditors, Sr. Vice President (F & C) & Company Secretary who also acts as the Secretary to the Committee, attend the Audit Committee Meetings to answer the queries if any and clarify the points raised at the meetings and generally assist the Committee in its deliberations. The Chairman & Managing Director invariably present as a special invitee.

#### **ROLE OF AUDIT COMMITTEE**

The role and terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreements as also the provisions of Section 292A of the Companies Act, 1956.

#### **POWERS OF AUDIT COMMITTEE:-**

Powers of the Audit Committees, inter alia, include

- To investigate any activity within its terms of reference,
- To seek information from any employee in respect of matters under its preview.
- To obtain outside legal or other professional advice,
- To secure attendance of outsiders with relevant expertise, if considered necessary.

#### **B. REMUNERATION COMMITTEE**

The Remuneration Committee has been constituted as per requirement of Clause 49 of the Listing Agreements and other applicable provisions of the Companies Act, 1956.

The terms of reference of the Committee are:-

- To review, assess and recommend to the Board, the appointment of Executive /Whole-time Directors and the remuneration payable to them as also the quantum of sitting fees payable to Non-Executives Independent Directors.
- To consider and recommend human resource policies relating to compensation and performance of the key management personnel.
- To approve the terms of appointment of senior executive drawing monthly remuneration of Rs.2,50,000/- and above.

The remuneration to be paid to the Executive/ Whole-time Directors is recommended by the Remuneration Committee to the Board of Directors and shareholders of the Company for their approval.

#### **COMPOSITION :**

The Remuneration Committee comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar (Chairman), Shri D.P. Garg and Dr. R. Swaminathan.

#### **MEETINGS**

During the year 2010-11, one meeting of the Committee was held i.e. on 27<sup>th</sup> April, 2010, to consider the re-appointment of Shri Shaleen Toshniwal as Whole-time Director.

#### **ATTENDANCE**

The attendance of the members at the meeting was as under:-

<b>Name of Member</b>	<b>Meeting held (No.)</b>	<b>No. of meetings attended</b>
Shri P. Kumar	1	1
Shri D.P. Garg	1	1
Dr. R. Swaminathan	1	1

#### **C. SHAREHOLDERS' GRIEVANCES COMMITTEE**

The Shareholders' Grievances Committee is empowered to perform all the functions in relation to handling of shareholders' grievances.

The Committee primarily focuses on:

- Review of investors complaints and their redressal.
- Review and consideration of the queries/complaints received from the investors and
- Consideration of references, if any, received from SEBI/Stock Exchanges.

#### **COMPOSITION :**

The Shareholders' Grievances Committee comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri Vijay Mehta.

The Board has also designated Shri J.K. Jain, Sr. Vice President (F & C) & Company Secretary, as the Compliance Officer of the Company for the purpose of investors' complaints/grievances.

**MEETINGS**

During the year 2010-11, no formal meeting of the Committee was held as all the six complaints received from the shareholders/investors during the year were promptly resolved to the satisfaction of the complainants and position in respect thereof was duly reported to Board/Stock Exchanges as part of quarterly results.

**DISPOSAL OF COMPLAINTS**

The shareholders' complaints are being promptly attended to and disposed off well within one month of the receipt thereof. Details of the complaints received and resolved during the year are as under:-

Nature of Complaint	No. of complaints not replied at beginning of the year	No. of complaints received during the year	No. of complaints attended during the year	Range of No. of days taken to reply the complaints (if it exceeds 15 days, pls. Specify)	If pending for reply No. of days pending	No. of complaints not resolved at end of the year
Non-receipt of Dividend	0	3	3	<15 days	0	0
Non- receipt of Shares lodged for transfer/ exchange	0	3	3	<15 days	0	0
Others	0	0	0	Not applicable	0	0

**D. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee looks into the shareholders' requests for transfer of shares, transmission of shares etc. held in physical form.

The Committee's primarily focus is:

- To scrutinize the share transfer application forms received by the Company and, if found in order in all respects, to register transfers of shares in the Register of Members of the Company,
- To register various documents as mentioned above in the Register of Documents maintained by the Company,
- To approve the issue of split share certificates and new share certificates in place of defaced, torn, damaged and soiled share certificates on receipt of proper applications and other required papers and documents from the shareholders,
- To sign the share certificates and to affix the Company's Common Seal on them in accordance with the provisions of the Companies Act, 1956, the Companies (Issue of Share Certificates) Rules, 1960 and those of the Articles of Association of the Company, and
- To take all other consequential and incidental actions and measures.

**COMPOSITION :**

The Share Transfer Committee comprises 3 members viz. Shri R.L. Toshniwal, (Chairman), Shri P. Kumar and Shri D.P. Garg.

**MEETINGS**

During the year 2010-11, 24 meetings of Share Transfer Committee were held. Two members constitute the quorum for each meeting. The meetings were held i.e. on 1<sup>st</sup> April, 16<sup>th</sup> April, 17<sup>th</sup> May, 1<sup>st</sup> June, 16<sup>th</sup> June, 1<sup>st</sup> July, 16<sup>th</sup> July, 2<sup>nd</sup> August, 7<sup>th</sup> August, 17<sup>th</sup> August, 1<sup>st</sup> September, 16<sup>th</sup> September, 2<sup>nd</sup> October, 16<sup>th</sup> October, 1<sup>st</sup> November, 16<sup>th</sup> November, 4<sup>th</sup> December, 16<sup>th</sup> December, 2010, 1<sup>st</sup> January, 17<sup>th</sup> January, 1<sup>st</sup> February, 16<sup>th</sup> February, 1<sup>st</sup> March and 16<sup>th</sup> March, 2011.

**ATTENDANCE**

The attendance of the members at these meetings was as under:-

Name of Member	Meeting(s) held (No.)	No. of meetings attended
Shri R. L. Toshniwal	24	24
Shri P. Kumar	24	24
Shri D. P. Garg	24	23

**IV. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2010-11**

- 1) Appointment, and the terms thereof, of Shri R.L. Toshniwal, Chairman & Managing Director, has been approved by the shareholders for 3 years from 1<sup>st</sup> August, 2009 to 31<sup>st</sup> July, 2012.
- 2) Appointment, and the terms thereof, of Shri Ravi Toshniwal, Joint Managing Director, has been approved by the shareholders for 5 years from 24<sup>th</sup> August, 2007 to 31<sup>st</sup> July, 2012.
- 3) Appointment, and the terms thereof, of Shri Rakesh Mehra, Whole-time Director, has been approved by the shareholders for 5 years from 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2013.
- 4) Appointment, and the terms thereof, of Shri Shaleen Toshniwal, Whole-time Director, has been approved by the shareholders for 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013.



The remuneration to Executive/Whole-time Directors is paid as determined/recommended by the Remuneration Committee and Board of Directors and as finally approved by the Shareholders in their meeting(s). Non- Executive Independent Directors are being paid Sitting fee @ of Rs.10,000/- for each meeting of the Board of Directors or any Committee thereof except that, in case of Share Transfer Committee Meetings, sitting fee is Rs.2,500/- per meeting. The remuneration paid to each Director during the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 is as under:-

**(i) Executive Directors**

(Rs. in Lacs)

Sr. No.	Name of Director	Salary	Commission, Contribution to PF Perquisites & other payments
1.	Shri R.L. Toshniwal	49.50	88.73
2.	Shri Ravi Toshniwal	41.06	80.30
3.	Shri Rakesh Mehra	41.25	79.60
4.	Shri Shaleen Toshniwal	36.50	73.63

\* Including provision for commission payable-Rs.68.38 Lacs to each

**(ii) Non-Executive Independent Directors**

(Rs. in Lacs)

Sr. No.	Name of Director	Amount
1.	Shri P. Kumar	1.70
2.	Shri A.N. Jariwala	0.40
3.	Shri Kamal Kishore Kacholia	0.80
4.	Shri Vijay Mehta	0.50
5.	Shri D.P. Garg	1.18
6.	Shri S.B. Agarwal	0.80
7.	Shri Vijay Kumar Agarwal	0.30
8.	Shri P. K. Bhandari*	0.10
9.	Dr. R. Swaminathan, Nominee Director of EXIM Bank	0.50

\* Appointed w.e.f. 06.02.2011

**V. ANNUAL GENERAL MEETINGS**

Last 3 Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Venue
2009-10	11 <sup>th</sup> Aug., 2010	3.30 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara -327 001
2008-09	17 <sup>th</sup> Aug., 2009	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara -327 001
2007-08	13 <sup>th</sup> Sept., 2008	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara -327 001

**Special resolutions passed in the last 3 AGMs :** The details of special resolutions passed during last 3 years i.e. 2008, 2009 & 2010 are as under:-

Sr. No.	AGM held on	Special Resolution Passed
1.	13.09.2008	1. Re-appointment of Shri R. L. Toshniwal as Chairman & Managing Director.
2.	17.08.2009	2. Re-appointment of Shri Rakesh Mehra as Whole-time Director. 1. Change in object clause to include Generation, dealing and distribution of electricity.
3.	11.08.2010	2. Issue of warrants on preferential basis. 1. Re-appointment of Shri Shaleen Toshniwal as Whole-time Director 2. Increase in Authorized Share Capital of the Company and alteration in the Articles of Association.

## POSTAL BALLOT

No postal ballot was conducted during in the year 2010-11. As on date, the Company does not have any proposal to pass any resolution by the way of postal ballot.

## VI. DISCLOSURES

### 1. Disclosure on materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company has entered into certain transactions with its Promoters, Directors and the Management related parties in the ordinary course of business, but these transactions do not have any potential conflict with the interests of the Company at large. The Company has complied with mandatory requirements of Clause 49 of the Listing Agreements with the Stock Exchanges.

### 2. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related with the capital market.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market, during the year.

## VII. MEANS OF COMMUNICATION

**Quarterly Results :** Quarterly and half yearly results are published in Hindi & English newspapers viz. Rajasthan Patrika, Dainik Bhaskar, Business Line- Hindu, Business Standard and Economics Times.

**News Releases :** Information released to the press at the time of declaration of results is also being sent to BSE and NSE, where the shares of the Company are listed.

**Media :** Interviews of Managing Director and Joint Managing Director regarding working of the company are conducted regularly, by print as well as electronic media and published/broad cast/telecast at times.

**Periodicals :** Company's news and details appear in financial papers, journals etc.

**Annual Report :** Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report and other important information is circulated to members, Management Discussion and Analysis form part of the Annual Report, which is posted to all the shareholders of the Company.

**Website :** The Company has a website with the name [www.banswarasynTex.com](http://www.banswarasynTex.com) which contains information regarding the shareholding pattern of the Company, investors update, history of the Company, the Company's products, its achievements and various other important news and latest information related to the Company's activities, progress and current events.

## VIII. GENERAL SHAREHOLDER INFORMATION

### 1. 35<sup>th</sup> Annual General Meeting (to be held)

Date : 5<sup>th</sup> August, 2011  
Time : 3.30 P.M.  
Venue : Industrial Area, Dohad Road, Banswara – 327 001 (Raj.)

### 2. Financial Year ( Tentative Calendar of events )

Financial Year : April 1, 2011 to March 31, 2012.

First Quarter Results	Within 45 days from the end of quarter.
Second Quarter/ Half Yearly Results & Limited Review	Within 45 days from the end of quarter.
Third Quarter Results & Limited Review	Within 45 days from the end of quarter.
Audited Annual Results (2011-12)	Within 60 days from the end of quarter.

### 3. Date of Book Closure

The register of members and share transfer books of the Company shall remain closed from 30<sup>th</sup> July, 2011 to 5<sup>th</sup> August, 2011 (both days inclusive).

### 4. Dividend Payment Date (Tentative)

Final Dividend for the year 2010-11, if approved by the shareholders, will be paid on or after 10<sup>th</sup> August, 2011.

### 5. Listing of Equity Shares on Stock Exchanges

The Company's Shares are listed on:

- (i) Bombay Stock Exchange Ltd., Mumbai (BSE)  
Floor 25, P.J. Towers, Dalal Street,  
Mumbai- 400 001

- (ii) National Stock Exchange of India Ltd., Mumbai (NSE).  
 "Exchange Plaza", Bandra-Kurla Complex,  
 Bandra (E), Mumbai- 400 051

The requisite listing fees have been paid for the year 2011-12 to both the Stock Exchanges.

#### 6. Stock Code

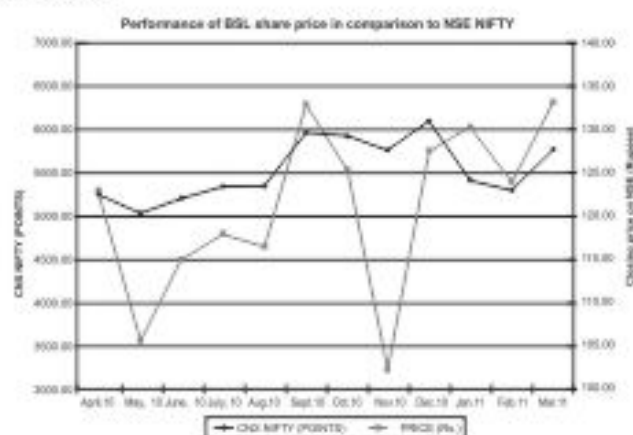
Number in NSDL and CDSL for equity shares	-	ISIN – INE 629 D01012
Bombay Stock Exchange Limited, Mumbai	-	503722
National Stock Exchange of India Ltd., Mumbai	-	BANSWRAS

#### 7. Stock Market Price Data

Monthly high/low market prices of the Company's equity shares traded on Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai, during the last financial year are as follows :-

Month	BOMBAY STOCK EXCHANGE LTD.		NATIONAL STOCK EXCHANGE OF INDIA LTD.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	134.40	105.75	134.40	106.25
May, 2010	131.50	101.00	131.20	101.00
June, 2010	119.90	100.00	124.70	102.00
July, 2010	124.50	114.05	124.90	114.25
August, 2010	130.00	110.00	130.00	115.05
September, 2010	142.00	117.95	141.70	117.50
October, 2010	151.90	125.00	152.20	125.50
November, 2010	135.75	102.45	135.70	102.25
December, 2010	130.85	101.00	130.90	100.00
January, 2011	141.85	128.30	141.50	127.40
February, 2011	135.65	124.00	135.75	122.55
March, 2011	138.00	118.10	136.40	118.10

#### 8. Performance of Company's Shares in comparison to BSE & NSE



#### 9. Registrar & Share Transfer Agent

M/s. Computech Sharecap Limited  
 (Unit: Banswara Syntex Ltd.)  
 147, Mahatma Gandhi Road,  
 Opp. Jehangir Art Gallery, Fort, MUMBAI-400 001  
 Tel: 022-22635000-01, Fax: 022-22635005  
 e-mail : helpdesk@computechsharecap.com  
 Website: www.computechsharecap.in

#### 10. Share Transfers

Since the Company's shares are traded in the dematerialized form on the Stock Exchanges, bulk of the transfers takes place in the electronic form.

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For expediting transfers, the Company has appointed a common agency, M/s. Computech Sharecap Limited, 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai-400 001, for effecting transfers for the shares held in both the demat as well as physical form. The Board has delegated the function related to physical transfers to the Share Transfer Committee, which is later confirmed by the Board. Physical transfers are effected within one month. The Board has designated the Company Secretary as the Compliance Officer. The Company obtains, from a Company Secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under clause 47(c) of the Listing Agreements and files a copy of the certificate with the Stock Exchanges.

### i. Shareholding Pattern as on 31<sup>st</sup> March, 2011

Sr.No	Category	Number of Shares held	Shareholding (%)
1.	Promoters	7898785	53.53
2.	Mutual Funds and UTI	4925	0.03
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions)	570	0.00
4.	Foreign Institutional Investors	1295801	8.78
5.	Private Corporate Bodies	2338858	15.85
6.	Indian Public	2995425	20.30
7.	NRIs/OCBs /Foreign Nationals	221997	1.51
8.	GDR	-	-
	<b>Grand Total</b>	<b>14756361</b>	<b>100.00</b>

### ii. Distribution of Shareholding as on 31<sup>st</sup> March, 2011

#### (a) Number-wise

Number of Shares	Number of Shareholders	Shareholders (%)	Number of shares held	Voting Strength (%)
1 to 500	8838	90.41	849027	5.75
501 to 1000	450	4.60	350029	2.37
1001 to 2000	191	1.95	286452	1.94
2001 to 3000	86	0.88	218702	1.48
3001 to 4000	37	0.38	133966	0.91
4001 to 5000	42	0.43	195189	1.32
5001 to 10000	55	0.56	402855	2.73
10001 & above	77	0.79	12320141	83.50
<b>Total</b>	<b>9776</b>	<b>100.00</b>	<b>14756361</b>	<b>100.00</b>

#### (b) Category-wise

Category	Number of Shareholders	Shareholders (%)	Number of Shares held	Shareholding (%)
Physical	4385	44.85	405771	2.75
Electronic	5391	55.15	14350590	97.25
<b>Total</b>	<b>9776</b>	<b>100.00</b>	<b>14756361</b>	<b>100.00</b>

### 11. Re-appointment of Directors

(A) Three Non-executive Independent Directors are due for retirement by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Brief particulars of the Directors retiring by rotation are given below:-

- 1) **Shri D.P. Garg**, aged 64 years, Industrialist, is on the Board of the Company for the last 8 years. His shareholding in the Company is NIL.



Names of Public Limited Companies in which Shri D. P. Garg is a Director:-

Sr. No.	Name of the Company
1.	Garuda Cotex Shades Ltd.

Names of Public Limited Companies in which Shri D.P. Garg is Member/Chairman of any Committee:-

Sr. No.	Name of the Company
1.	Nil

2) **Shri A. N. Jariwala**, aged 80 years, Industrialist, is on the Board of the Company for the last 14 years. His shareholding in the Company is NIL.

Names of Public Limited Companies in which Shri A. N. Jariwala is Director:-

Sr. No.	Name of the Company
1.	Garden Silk Mills Ltd.
2.	Gujarat Eco Textiles Ltd.

Names of Public Limited Companies in which Shri A. N. Jariwala is member / Chairman of any Committee:-

Sr. No.	Name of the Company
1.	Garden Silk Mills Ltd.

3) **Shri S.B. Agarwal**, aged 73 years, Consultant, is on the Board of the Company for the last 6 years. His shareholding in the Company is NIL.

Names of Public Limited Companies in which Shri S. B. Agarwal is Director :-

Sr. No.	Name of the Company
1.	Tecnocraft Industries (India) Ltd.
2.	Bombay Rayon Fashion Ltd.

Names of Public Limited Companies in which Shri S.B. Agarwal is Member/Chairman of any Committee:-

Sr. No.	Name of the Company
1.	Tecnocraft Industries (India) Ltd.
2.	Bombay Rayon Fashion Ltd.

(B) **Shri P.K. Bhandari** was appointed as an Additional Director on the Board of Directors of the Company in the Board Meeting held on 6<sup>th</sup> February, 2011. As per the provisions of Section 260 of the Companies Act, 1956, he shall hold office only upto the date of the ensuing Annual General Meeting of the Company, and is eligible for appointment as a Director. A proposal for his re-appointment is being placed before the ensuing Annual General Meeting for approval of shareholders.

Brief particulars of Shri P.K. Bhandari are given below:-

**Shri P.K.Bhandari**, Chartered Accountant, aged 53 years, an ex-Executive of Raymond Ltd. having expertise in financial planning mergers and acquisitions of companies and presently a Consultant, is on the Board of the Company from 6<sup>th</sup> February, 2011. His shareholding in the Company is NIL.

Names of Public Limited Companies in which Shri P.K. Bhandari is Director:-

Sr. No.	Name of the Company
1.	Raymond Ltd.
2.	J. K. Investors ( Bombay) Ltd.
3.	J. K. Ansell Ltd.
4.	Color Plus Fashions Ltd.
5.	Silver Spark Apparel Ltd.
6.	Radha Krishna Films Ltd.
7.	Tiger Travels and Tours Ltd.
8.	Polar Investments Ltd.
9.	Pashmina Holdings Ltd.
10.	Peoples Investments Ltd.
11.	Raymond Zambaiti Ltd.
12.	Raymond (Europe) Ltd. [Formerly J. K. (England) Ltd.]

Names of Public Limited Companies in which Shri P.K. Bhandari is Member/Chairman of any Committee:-

Sr. No.	Name of the Company
1.	Raymond Ltd.
2.	Radha Krishna Films Ltd.
3.	Color Plus Fashions Ltd.
4.	Silver Spark Apparel Ltd.
5.	Raymond Apparel Ltd.

## 12. Relationship among Directors

Except as detailed below, other Directors do not have any relationship with each other.

Sr. No.	Name of Director	Relationship
1.	Shri R.L. Toshniwal (Chairman & Managing Director)	1. Shri Ravi Toshniwal and Shri Shaleen Toshniwal- Sons 2. Shri Rakesh Mehra-Daughter's Husband
2.	Shri Ravi Toshniwal (Joint Managing Director)	1. Shri R. L. Toshniwal- Father 2. Shri Shaleen Toshniwal-Brother 3. Shri Rakesh Mehra-Sister's Husband
3.	Shri Shaleen Toshniwal (Whole-time Director)	1. Shri R.L. Toshniwal- Father 2. Shri Ravi Toshniwal- Brother 3. Shri Rakesh Mehra-Sister's Husband

## 13. Dematerialization of shares and liquidity

The Company's shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shares of the Company are to be delivered compulsorily in the demat form on Stock Exchanges by all investors. Shares representing 97.25% of the Paid-up Capital have so far been dematerialized by Investors.

## 14. Outstanding GDRs / ADRs / Warrants and Convertible Instruments

As on the date, the Company has not issued any GDRs/ADRs/Warrants or any other instrument which is convertible into Equity Shares of the company.

## 15. Plant Locations

1.	Banswara Syntex Ltd. Banswara Syntex Ltd. Unit – BTM Banswara Syntex Ltd. Unit - BFL Banswara Syntex Ltd. Unit - BJF	Industrial Area, Dohad Road Banswara-327 001 (Rajasthan)
2.	Banswara Syntex Ltd. Readymade Garment Unit - I "Banswara Garments"  Readymade Garment Unit – II "Banswara Garments"  Readymade Garment Unit – III "Banswara Garments"	98/3, Village Kadaiya Nani Daman Distt. DAMAN-396 210 (U.T.)  Survey No.713/1, 713/2, 713/3, 725/2 and 725/1 Village Dabhel, Nani Daman Dist. Daman-396 210 (U.T.)  Survey No.722/9 Village Dabhel, Nani Daman Dist. Daman-396 210 (U.T.)
3.	Banswara Syntex Ltd. Banswara Apparel.	Plot No. 5 & 6, GIDC Apparel Park SEZ Sachin SURAT – 394 230 (Gujarat)

## 16. Registered Office

Industrial Area, Dohad Road, BANSWARA-327 001 (Raj.)

## 17. Address for correspondence

The Company has appointed M/s. Computech Sharecap Limited as Common Agency for share registry work both for electronic and physical mode of shares.

Shareholders can make correspondence at the following addresses for share transfer matters and other grievances, if any:-



- (a) Mrs. G.K. Dadyburjor  
M/s. Computech Sharecap Limited  
(Unit : Banswara Syntex Limited)  
147, Mahatma Gandhi Road  
Opp. Jehangir Art Gallery  
Fort, MUMBAI-400 001
- (b) Registered Office:  
Industrial Area, Dohad Road,  
Banswara – 327 001 (Raj.)

#### 18. Non-Mandatory Requirements under Clause 49 of the Listing Agreements

- Remuneration Committee:** The Company has a Remuneration Committee, the details of which are provided in this report under section 'Committees of the Board'.
- Shareholders' Rights :** The Quarterly Financial results as per clause 41 of the Listing Agreements are published in newspapers. The complete Annual Report is sent to every shareholder of the Company.
- Audit Qualifications :** The Company always endeavors to present unqualified financial statements. There is no audit qualification on the Company's financial statements for the year ended 31<sup>st</sup> March, 2011.
- Notice/ document to shareholder through Electronic mode :** In compliance of Green Initiative in Corporate Governance: Go Paperless, taken by MCA, the Company is requesting shareholders to inform their email IDs to enable the Company to send them notice(s)/document(s) through electronic mode.
- Training of Board members :** Directors are fully briefed on all business related matters, risk assessments and new initiatives proposed by the Company. Directors are also kept informed about the changes in the domestic/global corporate and industry scenario including those pertaining to statutes/legislation and economic environment.
- Whistle Blower Policy :** The Company encourages an open door policy where employees have access to the head of business/function. In terms of "Banswara Syntex Limited Code of Conduct", any instance of non-adherence to the code/any other observed unethical behavior is to be brought to the attention of the immediate reporting authority, who shall report the same to the authority who has the final say in these matters.

#### IX. CODE OF CONDUCT

The Code of Conduct for the Directors and the Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company.

#### CEO/CFO CERTIFICATION

##### Certificate from CEO/ CFO for the financial year ended 31<sup>st</sup> March, 2011.

We, R. L. Toshniwal, Chairman & Managing Director and Chief Executive Officer, and Rakesh Mehra, Whole-time Director and Chief Financial Officer, of Banswara Syntex Limited certify:

- That we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2011 and that to the best of our knowledge and belief
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- That 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;
- That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and;
- That we have informed the auditors and the Audit Committee of:
  - Significant changes in internal controls during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 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.

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

**R.L. TOSHWAL**  
Chief Executive Officer

**RAKESH MEHRA**  
Chief Financial Officer

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from Auditors regarding compliance of conditions of Corporate Governance as stipulated in the Listing Agreements with the Stock Exchanges. The said Corporate Governance Certificate is annexed to this report.

**For BANSWARA SYNTAX LIMITED**

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

**R.L. TOSHNIWAL**  
Chairman & Managing Director

### DECLARATION OF THE MANAGING DIRECTOR

I hereby declare that all Board Members and designated senior management have affirmed compliance with the code of conduct as laid down by the Board of Directors of the Company for the year ended 31<sup>st</sup> March, 2011.

**For BANSWARA SYNTAX LIMITED**

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

**R.L. TOSHNIWAL**  
Chairman & Managing Director

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## CERTIFICATE

To the Members of Banswara Syntax Limited,  
Banswara

We have examined the compliance of conditions of Corporate Governance by Banswara Syntax Limited for the year ended on 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievances Committee.

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

**For KALANI & COMPANY**  
Chartered Accountants  
FRN-000722C

Place : Mumbai  
Date : 16<sup>th</sup> May, 2011

**K.L. JHANWAR**  
Partner  
M.No.14080



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

Management Discussion and Analysis mainly comprises the statements involve predictions based on which termed as perceptions and, therefore, may be prove to risks and uncertainties. It is the sum total of the Company's expectations, beliefs, estimates and projections which may be forward looking within the meaning of applicable securities, laws and regulations. The actual results could differ materially from those expressed herein specifically or impliedly. The important factors that could make a difference to the Company's operations include availability and cost of raw material, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and countries in which the Company conducts business and other incidental factors. The shareholders are cautioned to use this in conjunction with the Company's financial statements.

### **CORE BUSINESS AND PRODUCTS**

The core business of the Company is manufacturing and marketing of spun synthetic blended yarn, wool and wool mix yarn, spun synthetic and worsted fabrics, readymade garments and made-ups. The Company has also started production of technical fabrics. The Company perceives good scope for increase in production and sale for its products.

#### **Industry Structure, its Development and Opportunity**

The Indian Textile Industry was stagnant before the introduction of Technology Upgradation Fund Scheme (TUFS) by the Government of India in the year 2000. Substantial capacity expansion and modernization took place with the concessional rate of interest subsidized by Government of India under the Scheme. The Government withhold the sanction of loans under TUFS in June 2010, which nearly stopped the creation of new capacities. The Government has since notified the restart of the TUFS w.e.f. 28<sup>th</sup> April, 2011, which should benefit enable the industry to expand its capacity substantially. The new TUFS has allotted the segment wise funds for spinning, weaving, finishing, garments and technical textiles. The modified TUFS provide for allotment of segment wise funds for spinning, weaving, finishing, garments and technical textiles.

The textile industry holds a very significant position in the Indian industry. It accounts for nearly 14% of the total industrial output; and is the 2<sup>nd</sup> largest industry providing employment. The lifting of the import restrictions of the multi fibre arrangement under WTO agreement on textile and clothing has emerged as an opportunity for the industry.

Currently, the textile industry is undergoing substantial

reorientation towards other than clothing segment of the textiles which is commonly known as technical textiles. It is moving vertically with an average growing rate of nearly double than that of clothing. Now, it accounts for more than half of the total textile output.

During the year 2010-11, the cotton prices increased very substantially-almost by about 180% over the prices in the last year. In the increasing cotton prices the spinners have gained substantially due to stocks with them. The polyester and viscose prices have also increased mainly in the last quarter of the Financial Year. In the domestic and international markets the price of finished goods also supplemented the increase in the raw material prices. As such, the Indian Textile Industry has seen increased profitability during 2010-11.

The cotton, polyester and viscose prices have started falling during 2011-12. As the reduction in the fibre prices is gradual and continuous, the demand in the market has slowed down. As such the spinning mills are accumulating stocks and weaving mills are waiting for stabilization there prices. It is not unusual but a short term phenomena, in the long run, the lower raw material prices would ultimately help the textile industry to perform better. Besides this, there are following positive factors which auger well for the Indian Textile Industry:-

1. The Ministry of Textiles has notified the restart of the TUF Scheme to provide interest and capital subsidy for expansion, modernization and diversification of the textile industry. This scheme is available till March, 2012.
2. There is a steep rise in the labour cost in China as compared to the increase in India. The Indian Textile Industry is still getting the benefit of low cost labour.
3. The availability of dyed viscose in the country enables the Indian Industry to offer wider range of varieties of the products.
4. Indian textile industry is known for better designs, colours and new products besides the flexible product-mix providing customers a exclusive range. Wide and varied, almost exclusive, range of promotion.
5. As the garment industry in India is growing, the Indian Textile Industry is now becoming a preferred destination for several global brands to source their requirements for the textile and apparel segments.

#### **However, there are few factors which are constraints :-**

1. The shortage of unskilled labour for running the plants in Rajasthan.
2. For the garment industry also we need trained labour in a pre-requisite for garment industry but the training process is slow and retention of the labour is also a major concern.

3. Fluctuations in the exchange rates i.e. USD against INR.
4. The rising interest cost for working capital and term loans. The increase is substantial in case of export limits and term loans even under TUF scheme.
5. Rajasthan state is deficit in terms of availability of power. The increasing cost of input for power generation has caused many Companies to stop their power plants and start drawing draw the electricity from the public sources.
6. The frequent changes in unstable Government policies for export incentive.

#### Overview of the Company's performance

The overall performance of the Company has improved significantly. During 2010-11, the production of all product viz. yarn, fabrics and garments has increased. During the year, synthetic yarn production increased by 7%, worsted yarn by 92%, suiting by 26% and the garment production by 30%. The income from operations at Rs.808 Crores during 2010-11 compare to Rs.631 Crores in 2009-10 was up by 28%. The Company's exports have also increased by 26% from Rs.367 Crores to Rs.461 Crores over the year. The export turnover represented 65% in the total turnover. Further details about the Company's operating performance are mentioned under Financial Review, Operation and Exports in the Directors' Report.

The Company has taken up continuous expansion and modernization of its production capacities. A comparative position of the Company's manufacturing capacities in the last 2 financial years is as under:-

Sr. No.	Particulars	31.03.10	31.03.11
1.	Spinning (spindles)		
	a) Synthetic Blended yarn	119188	127012
	b) Worsted Yarn	14400	14400
	c) Airjet Yarn	576	736
2.	Fibre & Yarn Dyeing (MT/Month)		
	a) Fibre	720	840
	b) Yarn	90	150
3.	Fabric Weaving (No. of Looms)		
	a) Fabric Weaving	190	248
	b) Jacquard and Jacquard Technical Fabric	12	20
4.	Fabric Processing (Lac Mtrs/month)	40	50
5.	Trousers - Lines	15	18
	Pcs/month	225000	270000
	Jackets - Lines	1	2
	Pcs/month	7500	15000
6.	Thermal Power Plant (Coal Based)	18	33

During the year under review, the Company has invested Rs.149.91 Crores for acquisition of fixed assets including the capital work in progress at Rs.16.16 Crores and advances of capital goods suppliers of Rs.7.65 Crores as at 31<sup>st</sup> March, 2011 for ongoing projects. Capacity expansion has taken place in all the areas of operation. The Company's 2<sup>nd</sup> unit of Captive Thermal Power Plant of 15 MW capacity also started the generation of power commercially from March, 2011.

The Company has proposed investment of Rs.80 Crores during the F.Y. 2011-12 to further increase its production capacity by 18432 spindles, 96 Looms and 2 garment lines. This expanded capacity along with the machines added during the year 2010-11 which will operate for the F.Y. 2011-12. The Company envisages aggregate the turnover of about Rs.1100 Crores during 2011-12.

The Company has increased its fabric processing capacity to 4.5 million meters a month thereby opening substantial avenues for fabric production. The Company also has the plans to achieve optimum capacity utilization of new installed additional production capacities like spinning of wool and wool mix yarn, yarn dyeing, production of jacquard fabrics and increase in production levels of jackets and trousers. The Company also continues to creative its emphasize and efforts to increase the exports of value-added fabric and garments. The Company has also started production of shirting fabrics to fully utilize the processing capacity.

During the year, the Company has been allotted quota for coal from South Eastern Coalfields Limited (SECL) against the fuel supply agreement. The coal purchased from SECL has reduced the cost of power generation. The 2<sup>nd</sup> unit of power plant has also started the power generation. Your Company has applied for sanction of Government Coal Quota for its 2<sup>nd</sup> unit of thermal power plant.

#### Segment-wise performance

The Company is engaged in production of Textile products having integrated working and power generation. For management purposes, the Company is organized into major operating activity of the textile products and power generation mainly for captive consumption. Revenue from power generation during of the year was less than 10% of the total revenue. The Company has no activity outside India except export of textile products manufactured in India. Thereby, there is no geographical segment and no segment wise information is reported.

#### Internal control system

The Company has adequate internal audit and control system to ensure that all the transactions are authorized, recorded and reported correctly. Internal control system consists of in-house internal audit, an independent





Chartered Accountant to carry out internal audits, statutory audits and in-built internal checking mechanism. The Company has Audit Committee of the Board, the composition and functions of which are given in the Corporate Governance Report as part of this Annual Report.

#### **Discussion on financial performance with respect to operating performance**

The operating performance of the Company has been detailed in the first two paragraphs of the Directors' report under the heads 'Financial Review' and 'Operations.' The profit before tax for the year 2010-11 at Rs.6251 Lacs works out to 7.74% of sales as against Rs.4334 Lacs, i.e. 6.87% of sales in the previous Financial Year- 2009-10. The net profit at Rs.46.93 Crores is up by 52% over Rs.30.88 Crores for the year 2009-10.

#### **Developments in human resources and industrial relations**

The Company treats its human resources the most

important assets and believes in its contribution to the all round growth of the Company. The Company has appointed Shri Viren Shukla, Sr. Professor in S.P. Jain College of Management, to review and upgrade the H.R. policies of the Company.

There is an existing system of regular interaction between Senior Management and operators at shop floor level which enables sharing of business information and solutions to the problems at the preliminary level. The industrial relations remained cordial throughout the year. The Company has 9825 Nos. of skilled and unskilled manpower on its rolls.

For and on behalf of the Board

Place : Mumbai

Date : 16<sup>th</sup> May, 2011

**R. L. TOSHWAL**

Chairman & Managing Director

### **ANNEXURE-III TO DIRECTOR'S REPORT**

**INFORMATION PURSUANT TO SECTION 217(2A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

Sr. No.	Name of the Employee	Designation & nature of duties	Remuneration (Rs. in Lacs)	Qualifications & Experience (No. of years)	Age (Year)	Date of Commence-ment of employment (No. of years)	Previous employer Designation, period of service (No. of years)
<b>A. Employed through-out the year and were in receipt of remuneration aggregate of not less than Rs. 60,00,000/- per annum</b>							
1.	Shri R.L. Toshniwal	Chairman & Managing Director	138.23	M.Sc. (Tex.) Leeds University England (48)	77	01.08.1977	Oriental Carpets Mfg.(India) Ltd. Chief Executive (6)
2.	Shri Ravi Toshniwal	Joint Managing Director	121.37	B. Tech. (Chem. Engg.) (19)	47	24.08.1992	-
3.	Shri Rakesh Mehra	Whole-time Director	120.85	F.C.A. (23)	54	01.10.1993	R.R. Toshniwal Enterprises Chief Executive (5)
4.	Shri Shaleen Toshniwal	Whole-time Director	110.13	MBA (8)	34	21.10.2003	-
<b>B Employed for a part of the year and were in receipt of remuneration of not less than Rs. 5,00,000/- per month</b>							
- Nil -							

#### **Notes:-**

- 1) Total number of employees included in the above statement are four and the nature of their employment is contractual.
- 2) The above figures are for the twelve months period from 01.04.2010 to 31.03.2011.
- 3) Remuneration comprises salary, allowances, monetary value of perquisites and contribution to provident fund
- 4) In addition to the above remuneration, employees are also entitled to gratuity.
- 5) Employees at Sr. No.1 to 4 are related to each other.

## AUDITORS' REPORT

### TO THE MEMBERS,

#### BANSWARA SYNTAX LIMITED

We have audited the attached Balance Sheet of **BANSWARA SYNTAX LIMITED**, as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account and Cash Flow Statement of the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.

- 1) Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
  - ii) In our opinion, the Company has kept proper books of accounts as required by the law, so far as appears from our examination of those books.

- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report; comply with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
  - b) In the case of Profit & Loss Account, of the profit for the year ended on that date; and
  - c) In the case of Cash Flow statement, of the cash flow for the year ended on that date.

For **KALANI & COMPANY**

Chartered Accountants

FRN - 000722C

**K.L. JHANWAR**

Partner

M.No.14080

Place : Mumbai

Dated : 16<sup>th</sup> May, 2011

## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the shareholders of the **BANSWARA SYNTAX LIMITED** on the accounts for the year ended 31<sup>st</sup> March, 2011.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed Assets of the company have been physically verified by the management during the year and there is also a regular programme of verification 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) No substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Inventories with others are verified by respective party.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification

between the physical stocks and the book records were not material.

- (iii) (a) The company has not granted any unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (e) Unsecured loans taken from 12 (Twelve) persons covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.497.90 Lacs outstanding at the year end and the maximum amount involved is Rs.513.27 Lacs.
- (f) Interest and other terms & conditions of loan taken are not prima facie prejudicial to the interest to the company.
- (g) Company is regular in payment of principal amount and interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.





(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and according to the information and explanations given to us, no order on the company under aforesaid section has been passed by the Company Law Board.

(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has prescribed under Section 209 (1) (d) of the Companies Act, 1956, the maintenance of cost records in respect of its products manufactured by the Company. We have broadly reviewed the books of account maintained and in our opinion; the prescribed accounts and records have prima facie been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, and cess were in arrears, as at 31.03.2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, customs duty, wealth tax and excise duty which have not been deposited on account of any dispute except the following:

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	9,78,107	2005-06	Hon'ble High Court, Rajasthan
Central Excise Act, 1944	Excise Duty	1,96,422	2003-04	Joint Secretary Government of India
Finance Act, 1994	Service Tax	23,43,538	2006-07 to 2007-08	CESTAT, New Delhi

Finance Act, 1994	Service Tax	2,75,829	2006-09 to 2009-10	Commissioner (Appeals), Jaipur-II
The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	6,31,55,618*	2006-2007 to 2009-2010	Hon'ble High Court, Rajasthan
Rajasthan value added Tax Act 2003	Value Added Tax	31,58,991	2007-08 to 2009-10	Asstt. Commissioner Commercial Taxes
Central Sales Tax Act, 1956	Central Sales Tax	48,27,690	2007-08 to 2009-10	Asstt. Commissioner Commercial Taxes

\*Since Paid Rs. 2,01,80,698/-

(x) There are no accumulated losses at the end of financial year. The company has also not incurred cash losses during the financial year covered by our audit and preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has generally not defaulted in repayment of dues to a financial institution and bank.

(xii) According to information and explanations given to us, the company has not given any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund. Therefore, the provisions of clause 4 (xiii) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) According to information and explanations given to us, the company has given guarantee for Rs. 1950 Lacs for loans taken by Carreman Fabrics India Limited, a Joint Venture. The terms and conditions of such guarantee are not prejudicial to the interest of the company.

(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For KALANI & COMPANY**  
Chartered Accountants  
FRN - 000722C

**K.L. JHANWAR**  
Partner  
M.No. 14080

Place : Mumbai  
Dated : 16<sup>th</sup> May, 2011

# ANNUAL REPORT 2010-11

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

(Rupees in Lacs)

	Schedule	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,647.09	1,481.14
Share Application Money		0.00	169.13
Reserves & Surplus	2	14,517.59	10,130.84
<b>Deferred Tax Liability</b>		3,016.19	2,722.61
<b>Loan Funds</b>			
Secured Loans	3	56,264.10	42,424.36
Unsecured Loans	4	1,265.86	1,741.91
		<b>76,710.83</b>	<b>58,669.99</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	65,403.08	51,067.44
Less: Depreciation		20,186.60	17,261.60
<b>Net Block</b>		45,216.48	33,805.84
Add: Capital work-in-progress		1,615.66	827.69
Add: Advance on Capital Account		764.67	1,621.96
		47,596.81	36,255.49
<b>Investments</b>	6	669.77	667.30
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	25,600.10	17,668.17
Sundry Debtors	8	8,918.11	6,154.45
Cash & Bank Balances	9	741.38	506.76
Other Current Assets, and	10	3,317.85	2,575.77
Loans & Advances	11	2,834.40	1,775.25
		41,411.84	28,680.40
Less: <b>Current Liabilities &amp; Provisions</b>			
Liabilities	12	11,419.38	5,578.12
Provisions	13	1,548.21	1,355.08
		12,967.59	6,933.20
<b>Net Current Assets</b>		28,444.25	21,747.20
		<b>76,710.83</b>	<b>58,669.99</b>

### Accounting Policies & Notes on Accounts 22

Schedule 1 to 13 and notes in schedule 22 form part of this Balance Sheet.

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C

R.L. TOSHNIWAL  
Chairman & Managing Director

RAVI TOSHNIWAL  
Joint Managing Director

K.L. JHANWAR  
Partner  
M.No. 14080

RAKESH MEHRA  
Whole-time Director & CFO

Directors  
P. KUMAR  
D. P. GARG  
S. B. AGARWAL  
VIJAY KUMAR AGARWAL  
KAMAL KISHORE KACHOLIA  
A. N. JARIWALA  
VIJAY MEHTA  
P. K. BHANDARI  
R. SWAMINATHAN

Place : Mumbai  
Dated : 16<sup>th</sup> May, 2011

J. K. JAIN  
Sr. Vice President (Finance & Comm.)  
& Company Secretary

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011**(Rupees in Lacs)  
Previous Year  
31<sup>st</sup> March, 2010

	Schedule		Current Year 31 <sup>st</sup> March, 2011		
<b>INCOME</b>					
Turnover	14	83,800.71		64,682.84	
Less : Excise Duty		<u>2,955.32</u>	80,845.39	<u>1,586.30</u>	63,096.54
Other Income	15		470.95		299.39
Accretion / (Decretion) to Stock	16		<u>3,946.35</u>		<u>1,685.76</u>
			85,262.69		65,081.69
<b>EXPENDITURE</b>					
Materials	17	41,002.88		30,101.71	
Manufacturing Expenses	18	15,224.51		13,154.71	
Payments to and Provisions for Employees	19	8,673.86		6,739.58	
Administrative & Selling Expenses	20	6,599.42		4,972.19	
Financial Expenses	21	4,245.98		3,301.67	
Excise Duty on Finished Goods & Others		<u>7.51</u>	75,754.16	<u>13.18</u>	58,283.04
Profit Before Extraordinary Item, Depreciation & Tax			9,508.53		6,798.65
Extraordinary Item			<u>(144.90)</u>		<u>(608.42)</u>
Profit Before Depreciation & Tax			9,653.43		7,407.07
Depreciation			<u>3,402.45</u>		<u>3,073.44</u>
Profit Before Tax			6,250.98		4,333.63
Taxes on Income					
Current Tax		1,300.27		736.50	
Deferred Tax		<u>293.58</u>		<u>529.68</u>	
		1,593.85		1,266.18	
Less : MAT Credit Entitlement		<u>35.71</u>	1,558.14	<u>20.21</u>	1,245.97
Net Profit For The Year			4,692.84		3,087.66
Balance Brought Forward			1,044.07		535.60
Excess Dividend Amount Written Back			<u>38.47</u>		<u>0.00</u>
Amount Available for Appropriations			5,775.38		3,623.26
<b>Appropriations</b>					
Interim dividend & Tax thereon		343.71		229.57	
Proposed Dividend on Preference Shares		5.19		5.19	
Proposed Dividend on Equity Shares		438.70		294.63	
Tax on Proposed Dividend		72.01		49.80	
Transfer to General Reserve		<u>3,500.00</u>	4,359.61	<u>2,000.00</u>	2,579.19
Balance Carried to Balance Sheet			<u>1,415.77</u>		<u>1,044.07</u>
Earning Per Share Basic (Rs.)			32.05		23.56
Earning Per Share Diluted (Rs.)			31.79		20.92

**Accounting Policies & Notes on Accounts 22**

Schedule 14 to 22 and notes in schedule 22 form part of this Profit &amp; Loss Account.

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants  
FRN - 000722CR.L. TOSHNIWAL  
Chairman & Managing DirectorRAVI TOSHNIWAL  
Joint Managing DirectorK.L. JHANWAR  
Partner  
M.No. 14080RAKESH MEHRA  
Whole-time Director & CFODirectors  
P. KUMAR  
D. P. GARG  
S. B. AGARWAL  
VIJAY KUMAR AGARWAL  
KAMAL KISHORE KACHOLIA  
A. N. JARIWALA  
VIJAY MEHTA  
P. K. BHANDARI  
R. SWAMINATHANPlace : Mumbai  
Dated : 16<sup>th</sup> May, 2011J. K. JAIN  
Sr. Vice President (Finance & Comm.)  
& Company Secretary

**SCHEDULES**Schedule 1 to 22 Annexed to and forming integral part of the Accounts for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lacs)

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
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**SCHEDULE '1' SHARE CAPITAL****Authorised**

4,50,00,000 Equity Shares of Rs.10/- each	4,500.00	2,000.00
(Previous year 2,00,00,000 Equity Shares of Rs.10/- each)		
5,00,000 Redeemable Preference Shares of Rs.100/- each	500.00	500.00
	<u>5,000.00</u>	<u>2,500.00</u>

**Issued & Subscribed**

1,47,56,361 Equity Shares of Rs.10/- each *	1,475.64	1,310.64
(Previous year 1,31,06,361 Equity Shares of Rs.10/- each *)		
1,73,000 3 % Redeemable Preference Shares of Rs.100/- each	173.00	173.00
	<u>1,648.64</u>	<u>1,483.64</u>

**Paid Up**

1,47,56,361 Equity Shares of Rs.10/- each *	1,475.64	1,310.64
(Previous year 1,31,06,361 Equity Shares of Rs.10/- each *)		
Less: Allotment money due		
From Directors	0.00	0.00
From Others	<u>1.55</u>	<u>2.50</u>
	1,474.09	1,308.14
1,73,000 3 % Redeemable Preference Shares of Rs.100/- each	173.00	173.00
	<u>1,647.09</u>	<u>1,481.14</u>

\* Of above 3,82,222 Equity Shares of Rs.10/- each issued in terms of scheme of amalgamation of erstwhile Banswara Textile Mills Limited and 43,44,638 Equity Shares were issued as fully paid up Bonus Shares by way of Capitalization of Securities Premium Account.

Note : Company has issued 16,50,000 Equity Shares of Rs.10/- each at a premium of Rs.31/- per share against the Warrants allotted on preferential basis at the meeting of Board of Directors held on 29<sup>th</sup> August, 2009. Such preferential allotment was made to the persons other than Promoters as per SEBI (DIP) Guidelines.

**SCHEDULE '2' RESERVES AND SURPLUS****Capital Reserve**

As per last Balance Sheet	202.39	202.39
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**Securities Premium Account**

As per last Balance Sheet	1,750.22	1,750.22
Add : Received During the year	<u>515.04</u>	<u>0.00</u>
	2,265.26	1,750.22

**General Reserve**

As per last Balance Sheet	7,134.17	5,134.17
Add: Transfer from Profit & Loss A/c	<u>3,500.00</u>	<u>2,000.00</u>
	10,634.17	7,134.17

**Profit & Loss Account**

1,415.77	1,044.07
<u>14,517.59</u>	<u>10,130.84</u>



(Rupees in Lacs)

As at  
31<sup>st</sup> March, 2010

As at  
31<sup>st</sup> March, 2011

**SCHEDULE '3' SECURED LOANS****Term Loans****From Financial Institutions and Banks**

Industrial Development Bank of India	700.00	830.81
Bank of Baroda	5,045.98	2,908.10
Punjab National Bank	5,834.74	6,492.68
Export Import Bank of India	15,396.11	9,347.28
Union Bank of India	2,727.00	2,602.72
Bank of India	1,360.98	1,473.73
Axis Bank	2,312.50	2,500.00
<b>From Others</b>	<b>0.00</b>	<b>3.40</b>
Interest Accrued and Due on Term Loans	119.29	107.10
	<u>33,496.60</u>	<u>26,265.82</u>

**Deferred Payment Credits**

Deferred payment credits under Rajasthan -

- Sales Tax Deferment Scheme	<u>92.48</u>	<u>151.59</u>
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**Working Capital Loans from Banks**

Punjab National Bank	13,687.06	9,875.88
Union Bank of India	3,913.11	1,823.66
Bank of Baroda	3,429.98	2,692.57
Bank of India	1,644.87	1,614.84
	<u>22,675.02</u>	<u>16,006.95</u>
	<u>56,264.10</u>	<u>42,424.36</u>

**Securities****For Term Loans from Financial Institutions and Banks:**

Term Loans from Financial Institutions and Banks are secured by a joint equitable mortgage and/or hypothecation charges ranking pari-passu on immovable/movable properties, present and future of the Company subject to prior charges in favour of the Bankers on specified movable properties created and/or to be created for working capital facilities.

Term Loans from Financial Institutions and Banks are guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities except for four term loans outstanding of Rs.8,141 Lacs (Previous year Rs.1,491 Lacs) from Export Import Bank of India which are guaranteed only by Shri R.L. Toshniwal, Chairman & Managing Director in his personal capacity.

**For Deferred Payment Credits:**

Deferred payment credits under Sales Tax Deferment Scheme for Industries 1987 are secured by a joint equitable mortgage and/or hypothecation charges ranking pari-passu on immovable/movable properties procured for expansion project as prescribed under the said scheme Rs.59.10 Lacs (Previous year Rs. 59.11 Lacs) are payable within one year.

**For Working Capital Loans:**

Working Capital Loans are secured by way of hypothecation (Floating charges) of Raw material, Dyes-Chemicals, Packing Materials, Stores & Spares, Stock-in-process, Finished goods, Book debts, Export Incentives and second charge on all the Fixed Assets of the Company and also guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities.

(Rupees in Lacs)

As at  
31<sup>st</sup> March, 2011

As at  
31<sup>st</sup> March, 2010

**SCHEDULE '4' UNSECURED LOANS****Unsecured Loans :****Fixed Deposits**

From Directors	32.73		27.67	
From Others	<u>760.91</u>	793.64	<u>715.50</u>	743.17

**Long Term Loans**

From Banks	0.00		532.44	
From Corporates	<u>154.66</u>	154.66	<u>154.66</u>	687.10

**Short Term Loans**

From Corporates	<u>317.56</u>	317.56	<u>311.64</u>	311.64
	<u>1,265.86</u>		<u>1,741.91</u>	

**SCHEDULE '5' FIXED ASSETS**

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at	Additions	Deductions/	As at	For the	Up to	As at	As at
	01.04.2010		Adjustment	31.03.2011	Year	31.03.2011	31.03.2011	31.03.2010
Lease Hold Land & Site Development	341.38	-	3.98	337.40	3.98	-	337.40	341.38
Free Hold Land & Site Development	106.63	-	-	106.63	-	-	106.63	106.63
Buildings & Road	7,809.83	2,051.90	12.06	9,849.67	264.30	1,427.45	8,422.22	6,646.22
Plant & Machinery	40,098.78	12,406.97	532.09	51,973.66	2,925.58	17,280.78	34,692.88	25,330.76
Building Machinery	1.38	-	-	1.38	-	1.31	0.07	0.07
Electric & Water Supply Installation	1,145.24	157.25	13.82	1,288.67	89.76	635.93	652.74	586.81
Furniture & Fixtures	574.27	127.47	2.21	699.53	46.41	370.80	328.73	249.08
Office Equipments	552.81	66.77	-	619.58	30.26	333.57	286.01	249.50
Live Stock	0.07	-	-	0.07	-	-	0.07	0.07
Vehicles	437.05	180.91	91.47	526.49	42.16	136.76	389.73	295.32
<b>SUB-TOTAL</b>	51,067.44	14,991.27	655.63	65,403.08	3,402.45	20,186.60	45,216.48	33,805.84
Previous Year	46,886.02	4,585.01	403.58	51,067.44	3,073.44	17,261.60	33,805.84	32,446.15
Capital Work-In-Progress							1,615.66	827.69
Advance on Capital Account							764.67	1,621.96
<b>SUB-TOTAL</b>							2,380.33	2,449.65
<b>TOTAL</b>							<u>47,596.81</u>	<u>36,255.49</u>

Buildings & Road includes Rs.331.32 Lacs paid for acquiring 657 equity shares of M/s Rastogi Estate & Construction Co. (Pvt.) Ltd. attached with right of ownership and possession of office building at Mumbai and Rs.324.01 Lacs paid for acquiring a residential flat with 5 shares of Maker Tower "J" Co-operative Housing Society Ltd. Mumbai attached with right of ownership and possession.





(Rupees in Lacs)

As at  
31<sup>st</sup> March, 2011As at  
31<sup>st</sup> March, 2010**SCHEDULE '6' INVESTMENTS (AT COST)****Long Term****I. Trade****A) Quoted****In Equity Shares**3,00,000 Equity Shares of Rs.10/- each  
of Banswara Fabrics Ltd.  
(Quotation not available)

30.00

30.00

**B) Unquoted****Government & other securities**National Savings Certificate  
(Deposited with State and Central Excise Authorities)

0.13

0.13

**Investment in Joint Venture Company**61,99,700 Equity Shares of Rs.10/- each  
of Carreman Fabrics India Ltd.

620.07

620.07

**Sub Total (I)**

650.20

650.20

**II. Other****A) Quoted****In Equity Shares**10,114 Equity Shares of Rs.10/- each of  
Union Bank of India

3.04

3.04

**B) Unquoted****Unit in Mutual Fund**1,00,000 Unit @ Rs.10/- each Principal PNB Long Term Equity  
Fund 3 Year Plan Series-II Growth Plan (NAV Rs.11.02 Per Unit)

0.00

10.00

Ask Investment Manager Pvt. Ltd.

16.48

4.01

Real Estate Special Opportunities Portfolio - 1

**Shares in Co-operative Bank**500 Equity Shares of Rs.10/- each  
of New Indian Co-operative Bank Ltd.

0.05

0.05

**Sub Total (II)**

19.57

17.10

**Total (I + II)**

669.77

667.30

**Investments aggregate value of****Quoted Investment**

Book Value

33.04

33.04

Market Value

65.17

59.56

**Unquoted Investment**

636.73

634.26

**SCHEDULE '7' INVENTORIES\***

(At lower of Cost and Net Realisable Value)

Raw Materials	10,779.09	7,302.59
Stores & Spares	1,581.83	1,072.74
Works-in-Process	1,884.29	1,365.74
Finished goods		
Yarn	3,956.42	2,114.01
Cloth (Grey)	2,856.91	1,870.50
Cloth (Processed)	3,807.48	3,470.78
Garment	682.55	438.96
Waste	51.53	32.85
	<u>25,600.10</u>	<u>17,668.17</u>

**\* Includes :**(i) In Transit **Rs.2,346.83 Lacs** (Rs.1,290.50 Lacs)(ii) With Others **Rs.1,224.01 Lacs** (Rs.1,619.37 Lacs)

# ANNUAL REPORT 2010-11

(Rupees in Lacs)

As at  
31<sup>st</sup> March, 2010

As at  
31<sup>st</sup> March, 2011

## SCHEDULE '8' SUNDRY DEBTORS (Unsecured)

### Outstanding Exceeding Six Months

Considered Good	476.45	309.75
Considered Doubtful	186.94	115.18
	<u>663.39</u>	<u>424.93</u>
Less: Provision for Doubtful Debts	186.94	115.18
	476.45	309.75

### Other Debts

Considered Good	8,441.66	5,844.70
	<u>8,918.11</u>	<u>6,154.45</u>

## SCHEDULE '9' CASH & BANK BALANCES

Cash on Hand	20.95	16.39
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### Bank Balances

#### With Scheduled Banks :

-In Fixed Deposits	605.44	428.70
(Including Accrued Interest thereon)*		
-In Current Account	<u>114.99</u>	<u>61.67</u>
	720.43	490.37

\* Fixed Deposits with interest pledged with Bankers  
Rs.427.53 Lacs (Rs.378.61 Lacs)

	<u>741.38</u>	<u>506.76</u>
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## SCHEDULE '10' OTHER CURRENT ASSETS

### A. RECEIVABLES AGAINST EXPORT

Duty Entitlement Pass Book	1,103.08	1,007.73
Others	<u>961.31</u>	<u>669.99</u>
	2,064.39	1,677.72

### B. OTHER CLAIMS RECEIVABLE

Under TUF Scheme	1,184.81	843.09
Others	<u>68.65</u>	<u>54.96</u>
	1,253.46	898.05
	<u>3,317.85</u>	<u>2,575.77</u>

## SCHEDULE '11' LOANS AND ADVANCES

### Advance recoverable in cash or in kind or for value to be received

Considered Good	2,003.96	1,145.92
Considered Doubtful	29.57	0.00
Less : Provision for Doubtful	<u>29.57</u>	<u>0.00</u>
Loans to Employees & Workers	129.18	39.38
Security Deposits with Govt. Deptt. & Others	253.04	205.69
Prepaid Expenses	215.29	170.82
MAT Credit Entitlement	232.93	213.44
Advance Income Tax and Tax deducted at source	1,138.29	609.44
Less: Provision for Taxation (as per contra)	<u>1,138.29</u>	<u>609.44</u>
	2,834.40	1,775.25



(Rupees in Lacs)

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SCHEDULE '12' CURRENT LIABILITIES</b>		
Acceptance	1,461.21	282.87
Sundry Creditors - Micro and Small Enterprises @ - Others	20.15 8,408.21	10.90 4,597.70
(including book overdrawn <b>Rs.40.58 Lacs</b> (Rs.38.75 Lacs))		
Unclaimed Dividend	31.30	27.45
Security Deposits	59.64	24.88
Interest accrued but not due	52.66	31.20
Other Liabilities	1,386.21	603.12
	<u>11,419.38</u>	<u>5,578.12</u>

**SCHEDULE '13' PROVISIONS**

Proposed Dividend	443.89		299.82
Tax on Dividend	72.01		49.80
Gratuity	766.67		589.66
Leave Encashment	106.12		112.27
Foreign Exchange Financial Instruments	0.00		144.90
Taxation	1,297.81	768.07	
Less: Advance Tax and Tax deducted at source (as per contra)	<u>1,138.29</u>	<u>159.52</u> <u>609.44</u>	<u>158.63</u> <u>1,355.08</u>

@ To the extent information received for status under the Micro, Small and Medium Enterprises Development Act, 2006.

	Current Year 31 <sup>st</sup> March, 2011	Previous Year 31 <sup>st</sup> March, 2010
<b>SCHEDULE '14' TURNOVER</b>		
Yarn	36,960.03	30,508.50
Cloth	35,386.07	25,852.95
Garment	7,953.66	5,850.25
Power	0.00	1,153.77
Waste	294.12	227.08
Fibre 2,20,369 Kgs. (44,886 Kgs.)	1,108.28	53.04
Scrap	237.58	165.93
Job Income	1,860.97	871.32
	<u>83,800.71</u>	<u>64,682.84</u>

**SCHEDULE '15' OTHER INCOME**

Interest Received	331.51	258.75
(Tax Deducted at sources Rs.30.55 Lacs Previous year Rs.35.28 Lacs)		
Rent Received	3.76	3.44
Profit on Sale of Fixed Assets	49.28	1.89
Exchange Rate Fluctuation	0.00	10.78
Bad Debts Recovered	4.50	0.00
Dividend Received	3.59	0.56
Others	78.31	23.97
	<u>470.95</u>	<u>299.39</u>

(Rupees in Lacs)

Current Year  
31<sup>st</sup> March, 2011Previous Year  
31<sup>st</sup> March, 2010**SCHEDULE '16' ACCRETION / (DECRETION) TO STOCK**

<b>Closing Stock</b>	Yarn	3,956.42	2,114.01
	Cloth (Grey)	2,856.92	1,870.50
	Cloth (Processed)	3,807.48	3,470.78
	Work-in-Process	1,884.29	1,365.75
	Waste	51.53	32.85
	Garment	682.55	438.95
		<u>13,239.19</u>	<u>9,292.84</u>
<b>Less : Opening Stock</b>	Yarn	2,114.01	2,269.10
	Cloth (Grey)	1,870.50	1,696.11
	Cloth (Processed)	3,470.78	2,086.43
	Work-in-Process	1,365.75	1,014.45
	Waste	32.85	33.94
	Garment	438.95	507.05
		<u>9,292.84</u>	<u>7,607.08</u>
		<u>3,946.35</u>	<u>1,685.76</u>

**SCHEDULE '17' MATERIALS****Raw Material Consumed \***

Opening stock	7,302.59	3,681.48
Add : Purchases	<u>39,883.87</u>	<u>30,623.26</u>
	<u>47,186.46</u>	<u>34,304.74</u>
Less : Closing stock	<u>10,779.09</u>	<u>7,302.59</u>
	36,407.37	27,002.15
<b>Dyes &amp; Chemicals Consumed</b>	2,569.20	1,988.56
<b>Purchase :</b>		
Cloth	969.32	225.07
Yarn	<u>1,056.99</u>	<u>885.93</u>
	2,026.31	1,111.00
	<u>41,002.88</u>	<u>30,101.71</u>

\* Includes cost of fibre of 2,20,369 Kgs.  
(Previous year 44,886 Kgs.) used for sale.

**SCHEDULE '18' MANUFACTURING EXPENSES**

Stores & Spare Parts Consumed	2,576.22	2,022.07
Packing Material Consumed	1,232.65	878.40
Power	2,098.28	1,145.12
Fuels	6,024.35	6,095.16
Job Charges	2,452.09	2,007.83
Repairs to : Plant & Machinery	501.58	731.69
Building	284.85	229.26
Others	54.49	45.18
	<u>15,224.51</u>	<u>13,154.71</u>

**SCHEDULE '19' PAYMENTS TO AND PROVISIONS  
FOR EMPLOYEES**

Salaries, Wages, Allowance, Bonus etc.	7,528.47	5,790.49
Contribution to Provident & Other Funds	816.72	622.34
Workmen & Staff Welfare Expenses	328.67	326.75
	<u>8,673.86</u>	<u>6,739.58</u>



(Rupees in Lacs)

**Current Year**  
**31<sup>st</sup> March, 2011****Previous Year**  
**31<sup>st</sup> March, 2010****SCHEDULE '20' ADMINISTRATIVE & SELLING EXPENSES****Administrative Expenses**

Rent	45.86	60.70
Rates and Taxes	141.02	107.84
Managing Director's Remuneration	123.35	97.97
Directors' Remuneration	337.07	259.62
Insurance Charges	51.35	39.60
Payment to Auditors		
As Auditors -Fees	4.80	4.35
-Expenses	1.42	1.04
In other capacity		
-Tax Audit Fees	0.81	0.74
-Certification	5.45	3.82
-Taxation Matters	2.56	1.95
-Service Tax	0.24	0.92
Directors' Fees	6.28	6.93
Travelling Expenses	71.39	69.05
Directors' Travelling Expenses	16.04	11.25
Foreign Travelling Expenses	107.01	123.78
Communication Expenses	104.93	108.44
Legal & Professional Expenses	156.89	109.83
Charity & Donation	29.03	27.33
Loss on forward exchange contracts	79.39	57.97
Loss on Sale of Fixed Assets	67.21	10.86
Exchange Rate Fluctuation	22.20	0.00
Entry Tax (Refer Note No. 5)	631.56	0.00
Miscellaneous Expenses	570.16	424.79

**2,576.02****1,528.78****Selling Expenses**

Commission to Selling Agents	1,221.98	1,379.56
Brokerage and Discounts	314.65	200.53
Freight, Octroi and Forwarding Charges	1,999.24	1,534.97
Claims	281.05	157.91
Advertisements	25.86	19.19
Provision for Doubtful Debts	71.76	63.74
Bad Debts Written Off	41.13	0.00
Others	67.73	87.51

**4,023.40****3,443.41****6,599.42****4,972.19****SCHEDULE '21' FINANCIAL EXPENSES****Interest on**

Term Loans	1,626.86	1,491.71
Bank & Others	2,209.18	1,502.99

**3,836.04****2,994.70****Bank & Other Charges****409.94****306.97****4,245.98****3,301.67**



## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### (A) ACCOUNTING POLICIES

#### 1. System of Accounting and Use of Estimates

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 2. Fixed Assets

Value of gross block of fixed assets represent cost of acquisition, including non-refundable taxes & duties, expenditure on installations, attributable pre-operative expenses including borrowing cost and other identifiable direct expenses incurred upto the date of commencement of commercial use of the assets.

However value of gross block of fixed assets acquired upto 31.03.1985 has been stated at revalued amount as on 31.03.1986.

#### 3. Depreciation

Depreciation on fixed assets is provided for on straight line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956. Depreciation on additions/disposals during the year is provided on pro-rata basis.

Consequent to changes made in schedule XIV, vide Notification No.GSR 756E dated 16.12.93, the company had revised the rate of depreciation. The specified period had been recomputed as suggested by the Circular dated 20.12.93 except in case of petty assets like furniture, fixture and office equipment where it is difficult to effect the changes. While adopting the revised rates, the Spinning Plant has been categorized as "Continuous Process Plant" on the basis of technical opinion obtained by the company.

Value of leasehold land is amortized over the period of its lease.

#### 4. Valuation of Inventories

Inventories are valued at lower of cost and net realisable value. Cost is measured on First In First Out basis.

#### 5. Turnover

- i) Turnover are inclusive of excise duty, refund and other related realization but exclusive of value added tax charged.
- ii) Job income included in turnover is accounted for on delivery of finished goods inclusive of excise duty.

#### 6. Investments

Long term Investments are carried at cost. Whereas, current investments are carried at lower of cost and net realisable value. In case of long term investments, other than temporary diminution in the value of investment is provided for.

#### 7. Benefits Receivable Against Export and Its Obligation

Unutilized credits, entitlements under Duty Entitlements Pass Book (DEPB) schemes are accounted for in the year of export at market value.

#### 8. Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the day of the transactions.
- ii) Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward contracts are translated at the rate ruling at the date of transactions as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transactions such difference having been recognized over the life of the contract. Foreign exchange financial instruments in hand at the year end are valued at mark to market.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

#### 9. Employees' Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- ii) Retirement and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of retirement and other long term benefits are charged to the profit and loss account.

**SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**
**10. Provision For Doubtful Debts**

15% is being provided each year on amount outstanding over a period of 6 months.

**11. Taxes On Income**

Current tax is determined as the amount of tax payable to the Taxation Authorities in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets, on timing differences being difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

In respect of unabsorbed depreciation / carry forward of losses under the tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty that future taxable income will be available against which such deferred tax assets can be realized.

**12. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**13. Except where stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.**
**(B) NOTES ON ACCOUNTS**
**1. Contingent liabilities not provided for in respect of: -**

	As at 31.03.2011	(Rs. in Lacs) As at 31.03.2010
a. Bills discounted with banks remaining outstanding		
i) Against Foreign LC	5,412.26	4,615.09
ii) Others	2,247.16	1,210.28
b. Letter of Credit established with banks :-		
i) Revenue account	720.62	812.51
ii) Capital account	424.27	2,723.70
c. Guarantees given by the bankers on behalf of the company for which FDRs <b>Rs. 30.89 Lacs</b> (Rs. 31.39 Lacs) pledged with them.	264.59	306.14
d. Guarantee given by Company to Banks for loan to Carreman Fabrics India Ltd. [Outstanding as on 31.03.2011 Rs. 1,346.81 Lacs (previous year Rs. 1,592.28 Lacs)]	1,950.00	1,950.00
e. Claims against the company not acknowledged as debt: -		
a) Under Tax Laws	80.60	577.74
b) By Others:		
i) On Revenue account	5.74	4.99
ii) On Capital account	Nil	Nil

There is no reimbursement possible on account of contingent liabilities.

- Estimated amount of contracts remaining to be executed on Capital account Rs.1,566.08 Lacs (Rs.6,443.46 Lacs) and export obligation against EPCG licenses Rs.11,020.11 Lacs (Previous Year Rs.14,378.00 Lacs). The Company has also committed to contribute Rs. 25.00 Lacs to Real Estate Opportunity Portfolio-1 out of which Rs.17.50 Lacs are paid.
- Advances includes amount due from officers of the Company Rs. Nil (Nil) with maximum debit balance Rs.2.06 Lacs (Rs.2.44 Lacs). Debtors include Rs. Nil (Nil) due from directors with maximum balance of Rs. Nil (Rs. Nil). It also includes Rs. Nil (Nil) due from a partnership firm with maximum balance of Rs.28.66 Lacs (Rs.28.45 Lacs) in which directors are partners.
- Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.
- In view of Stay Order dated 10.08.2006 of Hon'ble Rajasthan High Court, Jodhpur later on modified vide interim stay order dated 04.03.2011 with regards to levy of entry tax by Rajasthan Govt. under Rajasthan Entry Tax Act, 1999 with the direction to deposit the 50% of Entry Tax payable, a provision for Rs. 631.56 Lacs along with interest thereon inclusive of earlier years liability of Rs. 517.09 Lacs has been made and charged to the Profit and Loss Account for the year.
- Credit in respect of Minimum Alternative Tax under Income Tax Act 1961 (MAT Credit Entitlement) is recognized in accordance with guidance note issued by the Council of the Institute of Chartered Accountants of India.

**SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**

7. Disclosures as required by Accounting Standards:

**A. Accounting Standard 15 - "Employee Benefits", the disclosures of Employee benefits as defined in the accounting standard are given below:**

**1. Defined Contribution Plan**

Employer's contribution to provident fund paid Rs.563.78 Lacs (Previous Year Rs.453.03 Lacs) has been recognized as expense for the year.

**2. Defined Benefit Plan**

Present value of gratuity and long earned leave obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Short term earned leave encashed during the year charged to Profit & Loss Account.

**3. Changes in present value of obligations**

	Gratuity As At		Leave Encashment As At	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
(Rs. in Lacs)				
<b>I. Assumptions</b>				
Mortality	LIC(1994-96) UIT		LIC(1994-96) UIT	
Discount Rate	8.30%	8.00%	8.30%	8.00%
Rate of increase in compensation	4.00%	4.00%	4.00%	4.00%
Rate of return (expected) on plan assets withdrawal rates	0.80%	0.80%	0.80%	0.80%
Expected average remaining service (years)	32.60	32.24	35.80	36.19
<b>II. Changes in Present Value of Obligations (PVO)</b>				
PVO at beginning of period	598.66	493.03	112.27	94.68
Interest Cost	44.66	37.18	6.30	5.98
Current Service Cost	140.36	102.43	33.13	33.13
Benefits paid	(62.81)	(56.53)	(66.92)	(39.92)
Actuarial Gain/(Loss) on obligation	54.80	13.55	21.34	18.41
PVO at end of period	766.67	589.66	106.12	112.27
<b>III. Amounts to be recognized in the Balance Sheet</b>				
PVO at end of period	766.67	589.66	106.12	112.27
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status	(766.67)	(589.66)	(106.12)	(112.27)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(766.67)	(589.66)	(106.12)	(112.27)
<b>IV. Expense recognized in the Statement of Profit and Loss</b>				
Current Service Cost	140.36	102.43	33.13	33.13
Interest Cost	44.66	37.18	6.30	5.98
Expected Return on Plan Assets	-	-	-	-
Net Actuarial Gain/(Loss) recognized for the period	54.80	13.55	21.34	(1.15)
Expense recognized in the statement of P&L A/C	239.82	153.16	60.77	39.68
<b>V. Movements in the liability recognized in Balance Sheet</b>				
Opening Net Liability	589.66	493.03	112.27	94.68
Expenses as above	239.82	153.16	60.77	57.51
Benefits paid	(62.81)	(56.53)	(66.92)	(39.92)
Closing Net Liability	766.67	589.66	106.12	112.27

**B. Accounting Standard 16 - "Borrowing Cost"**

In terms of Accounting Policy No. 12 borrowing cost of Rs.151.34 Lacs have formed part of cost of relevant fixed assets.

**C. Accounting Standard 17 - "Segment Reporting"**

The Company is engaged in production of textile products having integrated working and power generation. For management purposes, Company is organized into major operating activity of the textile products besides power generation. Revenue from power generation of the year is less than 10% of the total revenue. The company has no activity outside India except export of textile products manufactured in India. Thereby no geographical segment and no segment wise information are reported.

**SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**
**D. Accounting Standard 18 - "Related Party Disclosure"**

The company has identified all the related parties as per details given below:

**1. Relationship:**
**a) Joint Venture and Associate concerns**

Carreman Fabrics India Ltd.  
Banswara Fabrics Ltd.

**b) Key Management Personnel and Their Enterprises:**

Shri R.L. Toshniwal  
Shri Ravi Toshniwal  
Shri Rakesh Mehra  
Shri Shaleen Toshniwal  
Dhruv Impex  
Mehra International  
Lawson Trading Co. Pvt. Ltd.  
Nirai Trading Pvt. Ltd.  
Shaleen Syntex Ltd.  
Moonfine Trading Co. Pvt. Ltd.  
Speed Shore Trading Co. Pvt. Ltd.  
Toshniwal Trust

**c) Relatives of Key Management Personnel and their Enterprises where transactions have taken place**

Shri Rameshwar Lal Ravindra Kumar Toshniwal HUF  
Shri Ravindra Kumar Toshniwal HUF  
Shri Dhruv Toshniwal  
Smt. Prem Toshniwal  
Smt. Navneeta Mehra  
Smt. Radhika Toshniwal  
Smt. Sonal Toshniwal  
Ms. Esha Toshniwal  
Ms. Diya Toshniwal  
Sarvodaya Impex Pvt. Ltd.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

**2) Transactions carried out with related parties referred in 1 above, in ordinary course of business:**

(Rs. In Lacs)

Nature of transaction	Related Parties					
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1 (c) above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>SALES</b>						
Cloth	0.29	6.40	28.66	2.84	-	-
Yarn	0.72	5.22	-	25.61	-	-
Other	15.42	-	-	-	-	-
<b>PURCHASE</b>						
Cloth	315.48	271.86	157.47	-	9.00	-
Yarn	-	0.05	-	-	-	-
Other	129.01	-	-	-	-	-
<b>JOB CHARGES</b>						
Weaving	958.05	1,007.00	-	-	-	-
<b>EXPENSES</b>						
Rent	-	-	2.40	2.40	7.20	7.20
Remuneration	-	-	490.58	379.24	-	-
Interest	16.35	10.79	3.09	3.23	16.19	15.72
Reimbursement of Expenses (Net)	-	4.60	-	-	-	-
<b>INCOMES</b>						
Rent	0.18	0.18	-	-	-	-
Supervision Charges	-	-	-	-	-	-
Job Charges	99.94	69.20	-	-	-	-
<b>FINANCE</b>						
Fixed Deposit Accepted	-	-	10.00	-	72.00	25.00
Fixed Deposit Repayment	-	-	5.00	-	55.50	17.50
<b>OUTSTANDING</b>						
Fixed Deposits	-	-	32.73	27.67	153.75	137.28
Amount Receivable	97.49	68.64	-	-	-	-
Amount Payable	426.47	373.75	-	-	-	-
Property Deposit	-	-	20.00	20.00	60.00	60.00
Capital Contribution	650.07	650.07	-	-	-	-

In respect of the outstanding balance recoverable as at 31<sup>st</sup> March, 2011, no provision for doubtful debts is required to be made. During the year, there were no amounts written off or written back from such parties.

## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

**E. Accounting Standard 20 - "Earning Per share"**

Required disclosures are given below:

	<u>Unit</u>	<u>2010-11</u>	<u>2009-10</u>
a) Amount used as the numerator profit after tax, dividend on preference shares and tax thereon	Rs. In Lacs	<b>4,686.81</b>	3,081.61
b) Weighted average number of equity shares used as the denominator in computing basic earning per share	Nos.	<b>1,46,23,402*</b>	1,30,81,356
Add: Potential number of equity shares that could arise on conversion of warrants into equity shares	Nos.	<b>NIL</b>	16,50,000
Weighted average number of shares used in computing Diluted Earning per Share	Nos.	<b>1,47,40,936*</b>	1,47,31,356
c) Nominal value per share	Rs.	<b>10.00</b>	10.00
d) Earning Per Share:			
- Basic	Rs.	<b>32.05</b>	23.56
- Diluted	Rs.	<b>31.79</b>	20.92

\* Includes 16,50,000 Warrants allotted to the persons other than Promoters and converted into equal number of equity shares at the meeting of Board of Directors held on 27<sup>th</sup> April, 2010. The Basic and Diluted Earning Per Share for the year has been calculated accordingly.

**F. Accounting Standard 22 - "Taxes on Income"**

Considering accounting procedure prescribed by the Standard, the following amounts have been worked out and provided in books:

**Major components of deferred tax balances**

<b>PARTICULARS</b>	<b>As at 31<sup>st</sup> March, 2011</b>	<b>(Rs. In Lacs) As at 31<sup>st</sup> March, 2010</b>
<b>Deferred Tax Liabilities</b>		
i) Difference between accounting and tax depreciation (cumulative)	<b>3,819.53</b>	3,235.98
<b>TOTAL</b>	<b>3,819.53</b>	3,235.98
<b>Deferred Tax Assets</b>		
i) Accumulated unabsorbed depreciation	-	-
ii) Provision for doubtful debts (to date)	<b>62.10</b>	39.15
iii) Disallowances under section 43B for non payment of expenses	<b>451.01</b>	185.26
iv) Others	<b>293.58</b>	288.96
<b>TOTAL (i to iv)</b>	<b>803.34</b>	513.37
<b>Net Deferred Tax Liabilities</b>	<b>3,016.19</b>	2,722.61

Net current deferred tax liability of Rs.293.58 Lacs has been charged to Profit & loss Account besides current tax Rs.1,300.27 Lacs as per Income Tax Act, 1961.

**G. Accounting Standard 27 - "Financial Reporting of interest in Joint Venture"**

- The Company has entered into the Joint Venture with Carreman, France for 50% ownership interest in jointly controlled entity Carreman Fabrics India Ltd.
- The above Joint Venture Company is incorporated in India. The company's share of assets and liabilities as on 31<sup>st</sup> March, 2011 and income and expenses for the period ended on that date in respect of joint venture entities as per Financial Statements is given below:





## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	31 <sup>st</sup> March, 2011	(Rs. In Lacs) 31 <sup>st</sup> March, 2010
<b>A. Assets</b>		
Long Term Assets	1,153.30	1,292.61
Current Assets	310.82	344.60
Total (a)	1,464.12	1,637.21
<b>B. Liabilities</b>		
Long Term Liabilities	673.40	881.97
Current Liabilities	43.00	22.80
Total (b)	716.40	904.77
<b>C. Contingent Liability</b>	Nil	Nil
<b>D. Capital Commitments</b>	Nil	Nil
<b>E. Incomes</b>	561.66	513.88
<b>F. Expenditures</b>	549.59	490.44

The Company has given guarantee in favour of bankers of Carreman Fabrics India Ltd. for an amount of **Rs.1,950** Lacs (Rs.1,950 Lacs) for term loan. [Outstanding as on 31.03.2011 Rs.1,346.81 Lacs (Previous Year Rs.1,592.28 Lacs)]

**H. Accounting Standard 28 - "Impairment of Assets":**

The Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

**I. Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets" Movement in Provisions:-**

Sr. No.	Nature of Provisions	Provision outstanding at the beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed during the year	Provision outstanding at the end of the year
1.	Taxation	768.07	1,300.27 *	770.53 *	-	1,297.81
2.	Proposed Dividend	299.82	443.89	266.82	33.00	443.89
3.	Tax on Proposed Dividend	49.80	72.01	44.32	5.48	72.01
4.	Gratuity	589.66	239.82	62.81	-	766.67
5.	Leave Encashment	112.27	60.77	66.92	-	106.12
6.	Foreign Exchange Financial Instruments	144.90	-	-	144.90	-

\* Includes Rs.16.22 Lacs reversal of MAT Credit Entitlement.

**8. Financial and Derivative Instruments**

Company has entered into following foreign exchange financial instruments :-

- a) The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments on forecasted transactions as approved by Board of Directors. The company does not use forward contracts for speculation purpose.

Outstanding forward exchange financial instruments entered into by the company for hedging of export realization:

As at	No. of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2011	29	204.37	9,112.72
31.03.2010	31	250.46	11,245.54

Outstanding foreign exchange option transactions:

As at	No. of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2011	NIL	NIL	NIL
31.03.2010	2	26.25	1,178.63

## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- b) Foreign Currency exposure that are not hedged by financial instruments or forward contracts as at 31st march, 2011 amount to US Dollar 197.40 Lacs (equivalent to Rs.8,802.01 Lacs) (Previous year US Dollar 95.24 Lacs equivalent to Rs.4,276.49 Lacs)
- c) Extraordinary items represent write back of provision made in previous year on maturity of foreign exchange financial instruments which were recognized on mark to market basis.

### 9. Details of Dues to Micro Enterprises and Small Enterprises (Rupees in Lacs)

Sr. No.	PARTICULARS	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of the accounting year (No amount is due for more than 45 days).	26.16	10.90
2	The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond appointed day during the accounting year.	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of the accounting year.	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years. Until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

### 10. Managerial Remuneration and Perquisites of: -

	Managing Director		Other Whole-time Directors	
	2010-11	2009-10	2010-11	2009-10
Salary	49.50	45.00	118.82	104.03
Provident Fund	5.47	5.04	13.12	11.80
Benefits and Perquisites	14.88	5.70	15.28	15.95
Commission	68.38	47.93	205.14	143.79
	<u>138.23</u>	<u>103.67</u>	<u>352.36</u>	<u>275.57</u>

Computation of net profit in accordance with Section 198 read with section 309(5) and section 349 of the Companies Act, 1956.

**SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**

(Rs. In Lacs)

	2010-11	2009-10
Profit before taxation	6,250.98	4,333.63
Add: Depreciation (As per Books)	3,402.45	3,073.44
Directors' Remuneration	490.59	379.24
Directors' fees	6.28	6.93
Provision for doubtful debts (Net)	71.76	63.74
Loss on Sale of Fixed Assets (as per Books)	67.21	10.86
	<u>10,289.27</u>	<u>7,867.84</u>
Less: Depreciation as per Section 349	3,402.45	3,073.44
Profit on Sale of Fixed Assets (as per Books)	49.28	1.89
Loss on Sale of Fixed Assets under section 349 (Net)	-	-
<b>TOTAL</b>	<u>3,451.73</u>	<u>3,075.33</u>
Net profit under section 198 of the Companies Act, 1956	<u>6,837.54</u>	<u>4,792.51</u>
Commission payable @ 1% of above profit to CMD, Jt. M.D. & 2 Whole-time Directors each.	<u>68.38</u>	<u>47.93</u>

**11. Information in respect of: -**

a) Licensed capacity	N.A.	N.A.
b) Installed Capacity		
Yarn Spinning (Ring Spindles)	1,41,412	1,33,588
Yarn Spinning (Air Jet Spindles)	736	576
Fabric Weaving (Looms)	268	202
Fabric Processing (Stenters)	7	5
Garment (Pcs.)	Not Assessed	Not Assessed

**c) Quantitative details in respect of manufactured & other goods: -**

Goods Manufactured	Opening Stock	Production	Purchase/ Transfer	Sales/ Utilized	Closing Stock
Yarn (Kgs.)	13,10,779 (17,10,781)	2,80,35,415* (2,61,75,028)	5,10,287 (6,58,261)	2,80,09,154 (2,72,33,291)	18,47,327 (13,10,779)
Cloth (Mtrs.)	81,48,906 (69,95,781)	3,46,79,290** (2,85,84,098)	14,66,460 (5,40,582)	3,63,14,206 (2,79,71,555)	79,80,450 (81,48,906)
Garments / Made-ups (No. of Pcs.)	2,40,600 (1,62,956)	19,91,065*** (15,30,781)	1,404 (4,400)	19,88,221 (14,57,537)	2,44,848 (2,40,600)
Waste (Kgs.)	1,62,409 (1,49,920)	22,52,596 (12,79,750)	Nil (Nil)	22,17,649 (12,67,261)	1,97,356 (1,62,409)
Power (Units)	Nil (Nil)	11,68,09,737 (14,19,96,392)	4,76,54,131 (2,35,91,884)	16,44,63,868 (16,55,88,276)	Nil (Nil)

* Excluding job spg. for others	5,52,223 Kgs.	(Nil Kgs.)
* Including job done by others	Nil Kgs.	(Nil Kgs.)
** Including job woven by others	1,57,92,962 Mtrs.	(1,36,40,224 Mtrs.)
** Excluding job weaving for others	4,90,471 Mtrs.	(3,45,912 Mtrs.)
** Excluding job processing for others	46,81,134 Mtrs.	(54,80,865 Mtrs.)
*** Including job done by others	36,559 Pcs.	(30,560 Pcs.)
*** Excluding job done for others	56,177 Pcs.	(61,632 Pcs.)

## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

## 12. (A) Quantitative details in respect of Raw Materials: -

	Opening Stock	Purchase/ Transfer	Consumption*	Sales/ Adjustments	Closing Stock
Fiber (Kgs.)	36,32,945 (22,44,419)	3,03,61,928 (2,84,41,778)	2,91,58,258 (2,70,08,366)	2,20,369 (44,886)	46,16,246 (36,32,945)
Yarn (Kgs.)	10,17,695 (6,47,211)	1,03,12,714 (87,31,921)	1,03,91,197 (83,61,437)	Nil (Nil)	9,39,212 (10,17,695)
Cloth (Mtrs.)	2,04,619 (1,85,739)	29,53,678 (21,96,214)	27,06,710 (21,77,334)	Nil (Nil)	4,51,587 (2,04,619)

\* Includes material consumed out of internal transfers.

## (B) (a) Value of Imports on CIF basis: -

(Rupees in Lacs)

	2010-11	2009-10
i) Raw Materials	3,078.83	1,644.34
ii) Dyes & Chemicals	112.86	160.08
iii) Components & Spare Parts	586.29	442.86
iv) Capital Goods	5,323.48	1,732.15

## (b) Value of Raw Materials, Components &amp; Spare parts consumed :-

	(Rs. in Lacs)		Percentage (%)	
	2010-11	2009-10	2010-11	2009-10
I) Raw Materials				
i) Imported	3,083.67	987.73	8.47	3.66
ii) Indigenous	33,323.70	26,014.41	91.53	96.34
	<u>36,407.37</u>	<u>27,002.14</u>	<u>100.00</u>	<u>100.00</u>
II) Components & Spare Parts				
i) Imported	660.89	728.98	28.58	36.05
ii) Indigenous	1,651.37	1,293.09	74.42	63.95
	<u>2,312.26</u>	<u>2,022.07</u>	<u>100.00</u>	<u>100.00</u>
(c) Dyes & Chemicals: -				
i) Imported	437.32	388.67	17.02	19.60
ii) Indigenous	2,131.88	1,599.89	82.98	80.40
	<u>2,569.20</u>	<u>1,988.56</u>	<u>100.00</u>	<u>100.00</u>

## (d) Expenses in foreign currency (in respect of): -

i) Dividend	Rs. 7.48 Lacs (Rs.9.16 Lacs)
ii) Professional & Consultancy Charges	Rs. 25.01 Lacs (Rs. Nil Lacs)
iii) Others	Rs. 1,879.33 Lacs (Rs.1,746.29 Lacs)

## (e) Earning in Foreign Currency (in respect of): -

i) Exports of goods on FOB basis	Rs.42,368.92 Lacs (Rs.34,346.89 Lacs)
ii) Other Realization	Rs. 3,070.78 Lacs (Rs.1,823.05 Lacs)

## 13. Previous year's figures have been reworked, rearranged, regrouped and reclassified, wherever considered necessary and to make them comparable.

Note : Figures in brackets are pertaining to the previous year.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration Details</b>			
Registration Number	L24302 RJ 1976 PLC 00 1684	State Code 17	Balance Sheet Date 31.03.2011
<b>II Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	Right Issue	Bonus issue	Private Placement
NIL	NIL	NIL	16,500
<b>III Position of mobilization and deployment of funds (Amount in Rs. Thousands)</b>			
Total Liabilities	76,71,083	Total Assets	76,71,083
<b>Sources of Funds:</b>			
Paid-up Capital	1,64,709	Share Application Money	NIL
Reserves & Surplus	14,51,759	Deferred Tax Liability	3,01,619
Secured Loans	56,26,410	Unsecured Loans	1,26,586
<b>Application of Funds :</b>			
Net Fixed Assets	47,59,681	Investments	66,977
Net Current Assets	28,44,425	Misc. Expenditure	NIL
Accumulated Losses	NIL		
<b>IV Performance of the Company (Amount in Rs. Thousands)</b>			
Turnover	83,80,071	Total Expenditure	77,54,973
Profit before Tax	6,25,098	Profit after Tax	4,69,284
Dividend per Share Rs.	5.00	Earning per Share in Rs. :	
- Interim Rs.	2.00	- Basic	32.05
- Final Rs.	3.00	- Diluted	31.79
<b>V. Generic Names of Three Principal Products/Services of Company</b>			
Item code No. (ITC code)	5509		
Product description	YARN SYNTHETIC STAPLE		
Item code No. (ITC code)	5513		
Product description	WOVEN FABRIC		
Item code No. (ITC code)	6203		
Product description	GARMENT		

Signature to schedules 1 to 22 and Balance Sheet abstract.

In terms of our Audit report of even date:

For KALANI & COMPANY  
Chartered Accountants  
FRN-000722C

R.L. TOSHNIWAL  
Chairman & Managing Director

RAVI TOSHNIWAL  
Joint Managing Director

K.L. JHANWAR  
Partner  
M.No.14080

RAKESH MEHRA  
Whole-time Director & CFO

J.K. JAIN  
Sr. Vice President (Finance & Comm.)  
& Company Secretary

Directors  
P. KUMAR  
D. P. GARG  
S. B. AGARWAL  
VIJAY KUMAR AGARWAL  
KAMAL KISHORE KACHOLIA  
A. N. JARIWALA  
VIJAY MEHTA  
P. K. BHANDARI  
R. SWAMINATHAN

Place : Mumbai  
Dated: 16<sup>th</sup> May, 2011



**Cash Flow Statement For The Year Ended 31<sup>st</sup> March, 2011, pursuant to the Listing Agreement with Stock Exchanges, Mumbai.**

(Rupees In Lacs)

	2010-11	2009-10
<b>A) Cash Flow From Operating Activities</b>		
Net Profit After tax as per P & L Account	4,692.84	3,087.66
Adjustment for		
Provision for Taxation and Deferred Tax liabilities	1,558.14	1,245.97
Net profit before tax and after extra ordinary items	6,250.98	4,333.63
Adjusted for		
Depreciation	3,402.45	3,073.44
Profit/ Loss on Sale of fixed assets (net)	17.93	8.97
Interest paid	4,245.98	3,301.67
Rent received	(3.76)	(3.44)
Dividend received	(3.59)	(0.56)
Extraordinary Items	(144.90)	(608.42)
Operating profit before working capital changes	13,765.09	10,105.29
Adjusted for		
Increase in trade & other receivable	(4,545.40)	(984.22)
Increase in inventories	(7,931.93)	(5,536.97)
Increase/(-)Decrease in trade payable	6,012.11	(572.87)
Cash generated from operations	7,299.87	3,011.23
Net Tax Inflow / (-)Outflow	(1,283.15)	(547.94)
<b>Net cash from operating activities (A)</b>	<b>6,016.72</b>	<b>2,463.29</b>
<b>B) Cash Flow From Investing Activities</b>		
Increase(-)/Decrease (+) in capital work-in-progress	69.32	(1,806.24)
Purchase of Fixed assets	(14,983.78)	(4,525.61)
Purchase of investment	(2.47)	(4.01)
Sale of Fixed assets	152.76	83.49
Rent received	3.76	3.44
Dividend received	3.59	0.56
<b>Net cash used in investing activities (B)</b>	<b>(14,756.82)</b>	<b>(6,248.37)</b>
<b>C) Cash Flow From Financing Activities</b>		
Proceeds from issue of Share Capital (Application Money)	511.87	169.13
Proceeds from long term borrowings	9,416.28	3,541.45
Repayment of long term borrowings	(2,244.61)	(1,752.76)
Interest paid	(4,245.98)	(3,301.67)
Increase/(Decrease) in bank borrowings	6,668.07	5,230.10
Proceeds/(Repayment) from unsecured loan	(476.05)	290.41
Dividend and tax thereon Paid	(654.86)	(511.12)
<b>Net cash from financing activities (C)</b>	<b>8,974.72</b>	<b>3,665.54</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents(A+B+C)</b>	<b>234.62</b>	<b>(119.54)</b>
Opening balance of cash and cash equivalents	506.76	626.30
Closing balance of cash and cash equivalents	741.38	506.76

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C

R.L. TOSHNIWAL  
Chairman & Managing Director

RAVI TOSHNIWAL  
Joint Managing Director

K.L. JHANWAR  
Partner  
M.No. 14080

RAKESH MEHRA  
Whole-time Director & CFO

Directors  
P. KUMAR  
D. P. GARG  
S. B. AGARWAL  
VIJAY KUMAR AGARWAL  
KAMAL KISHORE KACHOLIA  
A. N. JARIWALA  
VIJAY MEHTA  
P. K. BHANDARI  
R. SWAMINATHAN

Place : Mumbai  
Dated : 16<sup>th</sup> May, 2011

J. K. JAIN  
Sr. Vice President (Finance & Comm.)  
& Company Secretary

**ANNEXURE-II TO DIRECTORS' REPORT**

Additional information as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988.

**A. CONSERVATION OF ENERGY:****a) Energy Conservation measures taken.****Lighting**

350 Nos. LED Type lamps in departments were fixed to save Energy. It has saved 25 watt per lamp resulting into saving of around 200 units/day.

**Machines**

- 1) Monitoring of compressed air leakage in the main Unit was carried out & all leakages were attended to resulting in saving of around 1200-1400 units / day.
- 2) High pressure recipe compressor i.e. 7kg./CM<sup>2</sup> working pressure was converted into low pressure compressor (4kg./CM<sup>2</sup>) for Air jet spinning machines resulting into saving of around 950 units /day.
- 3) Continues condition monitoring of electric motors of all the departments, has resulted in 50% reduction of motors burning and saving of around Rs.20,000/- per month in rewinding cost in addition to reduction of breakdown of machines.
- 4) Around 20 Nos. old electric motors of 35 HP were replaced by energy efficient motors resulting in saving of electricity to the extend of 3%.

**Compressor**

One Centac Compressor of 4300 CFM was commissioned in place of recipe compressor resulting into saving of 172 kw/hr. or around 4100 units/day.

**b) Additional investment and proposal being implemented for reduction of consumption of energy**

Monitoring of compressed air leakages in Unit BFL is planned through an outside agency. The estimated investment is around Rs. twenty lacs and the saving expected is around 2500 units/day.

**c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

Marginal impact on overall cost of production.

**d) Total energy consumption and energy consumption per unit of production in respect of Industries specified in the schedule thereto.**

As per form 'A' enclosed.

**B. TECHNOLOGY ABSORPTION :****Efforts made in technology absorption.**

As per form 'B' enclosed.

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

The activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans have been discussed under the head "Exports" in the main body of the Directors Report.

The information in respect of Foreign Exchange outgoing and earning is contained in item 12(B)(d) & (e) in Schedule 22 annexed to the Balance Sheet as at 31<sup>st</sup> March, 2011.

**FORM- A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION**

Sr. Particulars No.	Current Year 2010-11	Previous Year 2009-10
1. Electricity		
a) Purchased Units	4,76,54,131	2,35,91,884
Total Amount (Rs.)	20,98,28,480	11,45,11,693
Rate/Unit	4.40	4.85
b) Own generation		
i) Through Coal based		
Thermal Power plant Unit	11,07,31,806	11,27,33,138*
Units per Kg. of Coal	0.9837	1.118
Cost/Unit	3.67	3.11
ii) Through Furnace Oil		
Generator unit	59,87,912	2,91,80,418
Units per Kg. of Furnace Oil	4.21	4.29
Cost/Unit	6.53	4.85
iii) Through Diesel Generator unit	90,019	72,836
Units per Ltr. of Diesel Oil	3.02	2.98
Cost/Unit	13.13	11.70
2. Coal Qty. (MT)	1,43,599	1,05,925
Total Cost (Rs.)	50,88,97,089	37,05,97,148
Average Rate/MT(Rs.)	3,544	3,499
3. Lignite Qty. (MT)	580	14,495
Total Cost(Rs.)	16,43,936	2,82,35,409
Average Rate/MT(Rs.)	2,837	1,948
4. Petcoke Qty. (MT)	-	5,731
Total Cost (Rs.)	-	3,19,17,299
Average Rate/MT(Rs.)	-	5,569
5. LPG Qty. (MT)	742	619.64
Total Cost (Rs.)	3,16,75,462	2,31,01,034
Average Rate/MT(Rs.)	42,689	37,281
6. Furnace Oil Qty. (Kgs.)	17,63,280	70,20,562
Total Amount (Rs.)	4,80,35,828	14,39,55,492
Average Rate/Kg. (Rs.)	27.24	20.50
7. Diesel Qty. (Ltrs.)	69,297	54,072
Total Amount (Rs.)	24,87,401	17,56,605
Average Rate/Ltr. (Rs.)	35.89	32.49
8. Other/Internal generation	Not applicable	Not applicable

\* Including 2904440 KWH given to Carreman Fabrics India Ltd. for job weaving done for the Company (Previous year 2944900 KWH)

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Power facility is common for production of cloth and yarn; accordingly, such information for each product is not available.

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2010-2011

#### RESEARCH AND DEVELOPMENT (R & D)

##### 1. Specific areas in which R & D carried out by the Company.

The Company has set up fabric testing laboratory as per the international and Indian National standards according to ISO, AATCC, ASTM, Levis & Co, Marks & Spencer, RDSO (Directorate of Indian Railways), Coach, Indian Standard test methods & testing protocol. It is having latest testing equipments as per the requirement of these standards.

The laboratory has successfully achieved accreditation of Levis & Co, Marks & Spencer, Coach, and is undergoing ISO 17025 NABL and Coach Accreditation. The laboratory has a facility of providing on-line testing services to various departments to achieve excellent quality and productivity. The Company has well developed fabric designing department and has created a garment studio at Mumbai for improvement in fabric and garment designs. The company has also procured computer software to create and develop new designs for manufacturing Jacquard fabrics.

##### 2. Benefits derived as a result of the above R & D

As the result of the above effort, the products of the Company are meeting international quality standards and are, therefore, globally well accepted. The fabric sample can be tested in the Company laboratory as per customers' requirement/international standard, thereby saving time and cost. The Company has developed three layer High Altitude fabric, fire retardant fabrics, two zone fabric etc. For Worsted suiting, the Company has installed and developed latest Dyeing and Radio Frequency Drying machines for its wool dyeing activities to enhance quality production product.

Further to this the Company has installed latest finishing machines like Shearing & Cropping, Milling & Scouring, Damping, Pressing for the processing of 100% woolen and wool mixed finished Fabric. Similarly the laboratory is also being upgraded for the testing with latest testing equipments for technical fabrics.

##### 3. Future plans and action

Research and development is a continuous process. The Company is going to add new testing equipments for all wool and wool mixed fabrics and upholstery fabrics. Latest Spinning, Weaving and Processing machines are being installed as per the continuous increase in the demand for quality / production of yarns and fabrics. Similarly capacities / facilities are being expanded in spinning and finished fabric testing by importing latest testing equipment like UT-5 (evenness Tester), Friction Tester, Classimat Tester (for Spinning), Heavy weight Tensile Tester, Heavy weight Tear Tester, Martindale

Abrasion & Pilling Tester, M&S Pilling Tester, ISO Pilling Testers, Washing Machines (for Processing) etc.

For the garment division, the Company has imported Jacket stitching machines which have been installed in garment factory at Surat.

##### 4. Expenditure on R & D

- Capital expenditure is approx. Rs.157 Lacs.
- Recurring-Normal running expenditure Rs.113 Lacs.
- Total Rs.270 Lacs.
- Total R & D expenditure as a percentage of total turnover is less than 1%.

#### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

##### 1. Efforts, in brief, made towards technology absorption, adoption and innovation.

The Company regularly encourages its technicians to upgrade their technical and intellectual levels by making them to attend various Technical Seminars and Training programs on various subjects like Testing, Spinning, Weaving and Processing etc. both in India and Overseas.

The Company's Designing and Marketing teams regularly attend various Seminars and Exhibitions both in India and overseas to understand and upgrade the latest trends in designing and development area whereby to keep pace with the competitors.

The Company has installed the latest technology MVS Vertex spinning machine for the enhancement of both Quality and production of Knitting Yarns.

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

The Company was earlier depending on out side yarn, texturised filament yarn dyeing. The introduction and increase in the capacity of cotton/ texturised filament yarn dyeing facility at Banswara has enabled Company to reduce the lead time. The cost of dyeing is comparatively less as the Dye House at Banswara is consuming bleed steam from the Captive Thermal Power Plant. During the fabric processing, The Company could get the same quality standards even by reducing some of the production processes. The Company also developed special yarn in house which are used for fabric designing.

##### 3. In case of imported technology (import during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished

Not applicable

For and on behalf of the Board

Place : Mumbai

Dated : 16<sup>th</sup> May, 2011

**R. L. TOSHNIWAL**

Chairman & Managing Director

## BANSWARA SYNTEX LIMITED

Regd. Office: Industrial Area, Dohad Road, Banswara-327 001 (Raj.)

Dear Shareholders,

SEBI, vide its letter No.DCC/FITTCIR-3/2001 dated 15<sup>th</sup> October, 2001, has advised that all companies should mandatory use Electronic Clearing Services (ECS) facility for distributing dividends or other cash benefits to the investors where-ever available. In the absence of availability of ECS facility, the companies may use warrants for distributing the Dividends.

Currently, ECS facility is available at locations specified by RBI. We request all the shareholders to give their bank details so that all future Dividend payments can be remitted through ECS. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be suffixed along with the name of the shareholder on the dividend warrants issued in future.

**J.K. JAIN**

Sr. Vice President ( F & C )  
& Company Secretary

### ECS MANDATE FORM

(For use by Shareholders holding Shares in physical mode only)

Banswara Syntex Limited,  
Industrial Area, Dohad Road  
BANSWARA-327 001 (RAJ.)

Dear Sirs,

Change in mode of payments to Electronic Clearing Services (ECS)

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System (Credit Clearing) [ECS]. The particulars are:

1. Folio No. : \_\_\_\_\_  
(Folio No. given in equity share certificate(s))
2. Member's Name: Mr./Ms. : \_\_\_\_\_
3. Member's address : \_\_\_\_\_
4. Particulars of the Bank A/C : \_\_\_\_\_  
\* Bank name : \_\_\_\_\_  
\* Branch name : \_\_\_\_\_  
\* Mention the 9-digit code number of the bank and  
branch appearing on the MICR cheque issued by the bank : \_\_\_\_\_  
(Please attach a photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the  
code number)

\* Account type (please) Savings ☐ Current ☐ Cash Credit ☐

\* Account number (as appearing on the cheque book) : \_\_\_\_\_

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credit of Dividend amount through ECS.

Signature of the first named/sole Member

#### Note :

1. Please complete the form and send it to the Company if you are holding share certificate(s) in physical form.
2. IN CASE YOUR SHARES ARE IN DEMATERIALIZED FORM, INFORM/UPDATE YOUR INFORMATION DIRECTLY WITH THE DEPOSITORY PARTICIPANT (DP) WITH WHOM YOU ARE MAINTAINING DEMAT ACCOUNT AND NOT TO THE COMPANY.
3. In case of more than one Folio please complete the details on separate sheets.
4. Payment through ECS is subject to the rules and regulations of the Scheme of ECS of the Reserve Bank of India from time to time.

Place :

Date :

## BANSWARA SYNTEX LIMITED

Regd. Office: Industrial Area, Dohad Road, Banswara-327 001 (Raj.)

Dear Shareholders,

### RE : Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. henceforth to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the Company's website [www.banswarasyntex.com](http://www.banswarasyntex.com) for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office in Banswara (Rajasthan) for inspection during office hours.

In case you desire to receive the above mentioned documents in electronic mode, you are requested to send this form duly completed in all respects to the registered office of the Company for registering your e-mail address. Please note that you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors' Report, upon receipt of a requisition from you, any time, as a member of the Company.

We are sure, that as a responsible citizen, you will whole-heartily support this initiative and will co-operate with the Company in implementing the same.

**J.K. JAIN**

Sr. Vice President (F & C)  
& Company Secretary

### FORM FOR REGISTERING E-MAIL ID IN RECORDS OF THE COMPANY

Registered Folio No./DP ID*/Client ID*	
Name(s) of Member(s)/Beneficial Owner: (including joint holders, if any, in block letters)	
Registered address of the sole/first named Member/Beneficial Owner	
No. of shares held	
e-mail ID	

\*applicable to investors holding shares in dematerialized form



## BANSWARA SYNTEX LIMITED

Regd. Office : Industrial Area, Dohad Road, BANSWARA-327 001(Raj.)

### PROXY FORM

Regd. Folio No. / DPID & Client ID No.	
No. of Shares	

35<sup>th</sup> Annual General Meeting

I/We \_\_\_\_\_  
of \_\_\_\_\_ In the District of \_\_\_\_\_  
being a member /members of the above named Company hereby appoint  
Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3.30 P.M. on Friday, the 5<sup>th</sup> August, 2011 and at any adjournment thereof.

Signed this day \_\_\_\_\_ of \_\_\_\_\_ 2011

Signature \_\_\_\_\_

**AFFIX  
1 Rupee  
revenue  
stamp**

Note: This form in order to be effective should be duly filled and signed across stamp and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

## BANSWARA SYNTEX LIMITED

Regd. Office: Industrial Area, Dohad Road, BANSWARA-327 001(Raj.)

### ATTENDANCE SLIP

Regd. Folio No. / DPID & Client ID No.	
No. of Shares	

35<sup>th</sup> Annual General Meeting

I certify that I am a registered shareholder /proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company at 3.30 P.M. on Friday, the 5<sup>th</sup> August, 2011 at the Company's Registered Office.

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE .  
Members are requested to bring their copy of Annual Report to the meeting.

BOOK-POST

Printed Matter  
Under Postal Certificate

# **ANNUAL REPORT 2010-2011**

To,



If undelivered, please return to  
**BANSWARA SYNTEX LIMITED**  
Industrial Area, Dohad Road,  
BANSWARA - 327 001 (Raj.)  
Web : [www.banswarasyntex.com](http://www.banswarasyntex.com)  
Phone : +91-(2962)-257676,677,679-681  
Fax : +91-2962-240692