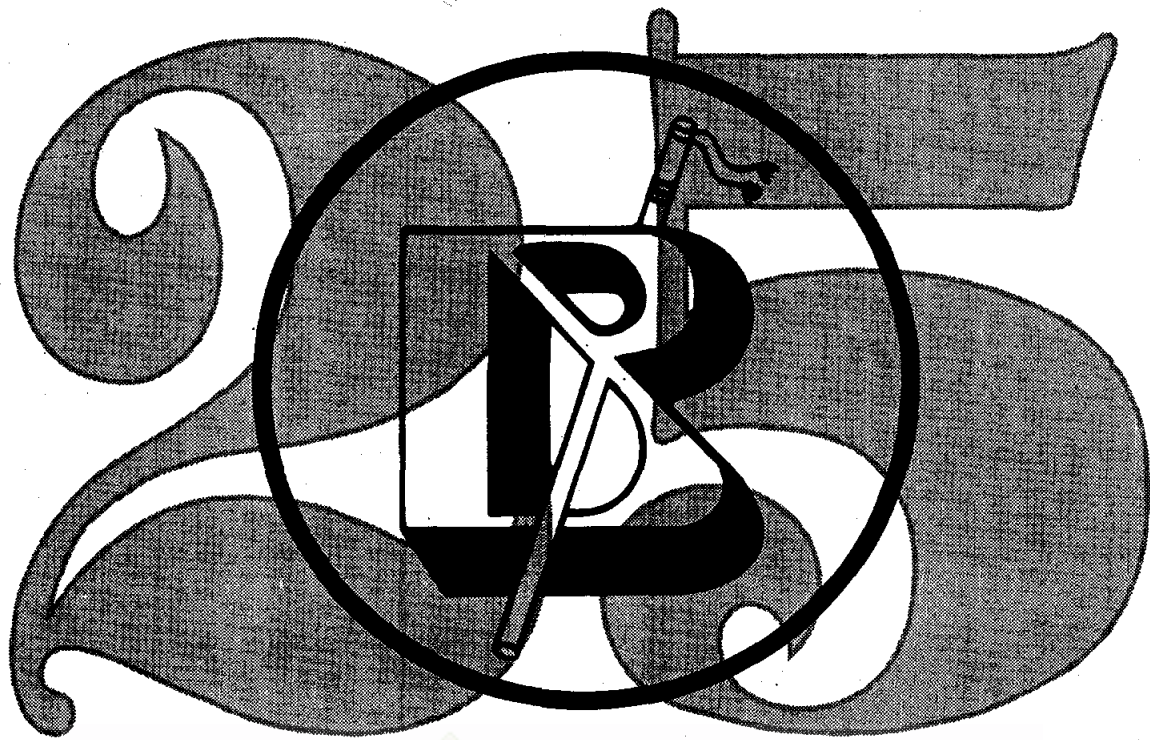


Annual Report 2000-2001



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Badswapa SYNTEX LIMITED

**Board of Directors**

Shri R. L. Toshniwal	(Chairman & Managing Director)
Shri L. N. Jhunjhunwala	
Shri D. S. Alva	
Shri A. N. Jariwala	
Shri Vijay Mehta	
Shri Kamal Kishore Kacholia	
Shri Rakesh Mehra	(Whole Time Director)
Shri Ravi Toshniwal	(Executive Director)
Shri S. S. Nayak	(Nominee UTI)

Executives

Shri S. S. Sajal	President
Shri J.K. Rath	President (Commercial)
Shri S. N. Gupta	Senior Vice President (Technical)
Shri J. K. Jain	Vice President (Finance & Accounts)
Shri M. Bhutra	Vice President (Fabrics) & Company Secretary
Shri S. S. Kella	Vice President (Audit & Taxation)
Shri S. R. Jain	Vice President (Engineering)

Auditors

M/s Kalani & Co.
Mangal Marg,
Bapu Nagar,
JAIPUR-302 004

Regd. Office & Mills

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

Bankers

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

Jaipur Office

'Ankur Apartment'
S-6, Jyoti Nagar Extension
JAIPUR-302005

Mumbai Office

Gopal Bhawan, 5th Floor,
199, Princess Street,
MUMBAI-400 002

Delhi Office

4633-34, Deputy Ganj,
Sadar Bazar,
DELHI-110 006

QUALITY POLICY

WE PROMISE TO ANTICIPATE AND EXCEED CUSTOMERS SATISFACTION BY:

1. BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
2. CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
3. CONSTANT IMPROVEMENT IN QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHOD OF WORK.
4. PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

FINANCIAL HIGHLIGHTS

(Rs. in lac)

	2000-2001	1999-00	1998-99	1997-98	1996-97
TURNOVER AND PROFITS					
Turnover (including export)	21,468	19,527	18,485	19,801	18,119
Exports (CIF Value)	12,819	9,403	7,865	8,108	7,250
Profit before Interest and Depreciation	2,211	1,944	1,648	1,734	1,782
Interest	1,385	1,333	1,280	1,251	1,452
Profit before Depreciation & Taxation	826	611	368	483	330
Profit after Depreciation	369	213	29	145	67
Taxation	23	25	18	19	-
Profit after Taxation	346	188	11	126	67

ASSETS AND LIABILITIES

Fixed Assets (Net of Revaluation)	10,498	7,962	7,169	6,737	5,915
Fixed Assets (Net)	6,802	4,663	4,272	4,216	3,792
Net Current and Other Assets	5,823	5,270	4,740	4,674	4,181
Equity Share Capital	678	678	678	678	670
Reserves & Surplus (Excl. Rev. Res.)	2,750	2,404	2,216	2,205	2,048
Net Worth	3,384	3,025	2,820	2,795	2,616
Secured Loans	8,408	6,131	5,334	5,307	4,650
Other Long Term Liabilities	842	787	867	797	716

RATIOS

Book value per Share (Rs.)	49.19	43.97	40.99	40.63	48.01
Earning per Share (Rs.)	5.03	2.73	0.15	1.83	0.97

**NOTICE****TO THE SHAREHOLDERS,**

NOTICE is hereby given that twenty fifth Annual General Meeting of the Shareholders of Banswara Syntex Limited, will be held at its Registered Office, Industrial Area, Dohad Road, Banswara on Monday the 3rd day of September, 2001 at 4 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the year ended as on that date and the report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri L.N. Jhunjhunwala, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Shri A.N. Jariwala, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. **Creation of charge to secure Term Loan from IDBI**
To consider, and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :-
RESOLVED THAT pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company in favour of Industrial Development Bank of India for their term loan of Rs.750 lacs. together with interest at the agreed rates, compound/further interest, commitment charges, premia on prepayment or on redemption, cost, charges, expenses, and other monies payable by the Company to the Industrial Development Bank of India in terms of the loan agreement(s) entered into /to be entered into by the Company in respect of the said loan.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid Industrial Development Bank of India the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.
6. **Creation of Charge in favour of PNB, UBI, BOB & BOI.**
To consider, and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution.
RESOLVED THAT pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors of the Company on second charge basis of all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company of all tangible and movable properties and assets of the Company present and future to, or in favour of :-

- i. Punjab National Bank (PNB) for its additional working capital facilities of Rs. 929 lacs.
- ii. Union Bank of India (UBI) for its additional working capital facilities of Rs. 306 lacs.
- iii. Bank of Baroda (BOB) for its additional working capital facilities of Rs. 220 lacs.
- iv. Bank of India (BOI) for its additional working capital facilities of Rs. 220 lacs.

together with interest at the agreed rates, compound / further interest, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the PNB, UBI, BOB and BOI in terms of the loan agreement(s) entered into/to be entered into by the Company in respect of the said facilities.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to finalise with the aforesaid Banks the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution".

7. **Creation of Charge to secure Term Loan from Bank of Baroda**

To consider and, if thought fit, to pass, with or without modification the following resolution as Ordinary Resolution -

RESOLVED THAT pursuant to section 293(1) (a) and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors of the Company of all the immovable and moveable properties of the Company wheresoever situate, present and future and whole of the undertaking of the Company in favour of Bank of Baroda, for their term loan of Rs. 500 lacs together with interest at the agreed rates. compound/further interest. Commitment charges, premia on prepayment or on Redemption, Cost, Charges, Expenses and other monies payable by the Company to the Bank of Baroda in terms of the agreement(s) entered into/to be entered into by the company in respect of said loan.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to finalise with the aforesaid Bank of Baroda the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effects to the above resolution.

8. **Increase in Sitting Fees :** To consider, and if thought fit, to pass, with or without modification, following resolution as special resolution.

RESOLVED THAT line third of Article 86(a) of the Articles of Association of the Company be altered by substituting for the word "not exceeding Rs. 2,000/- for each meeting" the words "not exceeding Rs. 5,000/- for each meeting".

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 11th June, 2001

By Order of the Board

MAHESH BHUTRA
Vice President (Fabric)
& Company Secretary

NOTES

1. The Register of Members and Share Transfer books of the Company shall remain closed from 16th August, 2001 to 3rd September, 2001.
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, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. Shareholders are requested to notify to the Company immediately any change in their address.
4. **Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.**

Item No.5

The Company has undertaken a modernisation programme under Technology Upgradation Fund Scheme (TUFS) and under the scheme Industrial Development Bank of India has sanctioned a term loan of Rs. 750 lacs.

As security for above borrowing Company is required to give charge of its movable/immoveable properties in favour of Industrial Development Bank of India who has sanctioned the above borrowings. This may be regarded as disposal of properties/undertaking of the Company. It is, therefore necessary to get approval from the shareholders by way of passing the resolution under section 293(1)(a) of the Companies Act, 1956 before creation of mortgage/charge.

None of the Directors of the Company are interested in the resolution.

Item No. 6.

The Company's Banker Punjab National Bank, Union Bank of India, Bank of Baroda and Bank of India have sanctioned additional working capital facilities to the extent of Rs. 929 lacs. Rs. 306 lacs. Rs. 220 and Rs. 220 lacs. respectively.

As security for above borrowings, Company is required to give charge on second charge basis of its moveable/immoveable properties in favour of Punjab National Bank, Union Bank of India, Bank of Baroda and Bank of India who have sanctioned the above borrowings.

This may be regarded as disposal of properties/undertaking of the company. It is, therefore, necessary to get approval from the shareholders by way of passing a resolution u/s 293(1)(a) of the Companies Act, 1956 before creation of mortgage/charge.

None of the Directors of the Company are interested in the resolution.

Item No. 7.

The Company has undertaken a project of acquisition of land and building of sick industry M/s. Banswara Fabrics Ltd. and to install some new machineries for this project. Bank of Baroda is likely to sanction a term loan of Rs. 500 lacs.

As a security for above borrowings, Company is required to give charge of its moveable/immoveable properties in favour of Bank of Baroda who will sanction the above borrowings. This may be regarded as disposal of properties/undertaking of the Company. It is, therefore, necessary to get approval from the shareholders by way of passing the resolution under section 293(1) (a) of Companies Act, 1956 before creation of mortgage/charge.

None of the Directors of the Company are interested in this resolution.

Item No. 8.

The Companies Act, 1956 provides payment of sitting fee to Directors attending Board Meeting Rs. 5,000/- each meeting. To make the Articles of Association of the Company at par with the provisions of the Companies Act, 1956. The proposed resolution is put for approval to amend the Articles of Association of the Company.

The Directors other than whole time Director and nominee Director of institutions who shall receive enhanced sitting fee are interested in the resolution.

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 11th June, 2001

By order of the Board

MAHESH BHUTRA
Vice President (Fabrics)
& Company Secretary

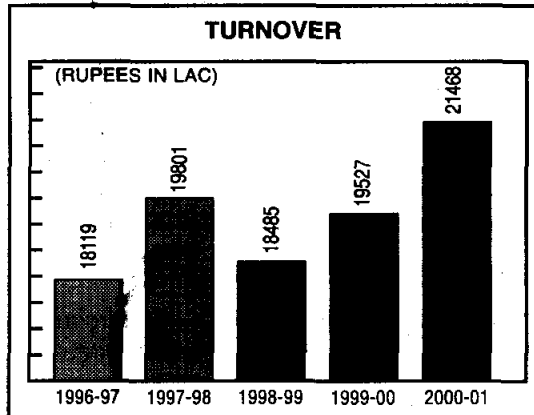
**DIRECTORS' REPORT****TO THE MEMBERS,**

The Directors have pleasure in presenting the 25th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

(Rs. in lac)

	This Year 2000-2001	Previous Year 1999-2000
Turnover	21,468	19,527
Accertion	169	239
	21,637	19,766
Less : Operating Cost	19,426	17,822
Profit before interest	2,211	1,944
Less: Interest	1,385	1,333
Profit before depreciation	826	611
Less: Depreciation	457	426
Revaluation reserve withdrawn	-	(28)
Profit before tax	369	213
Less : Taxation	23	25
Profit after tax	346	188

**PERFORMANCE**

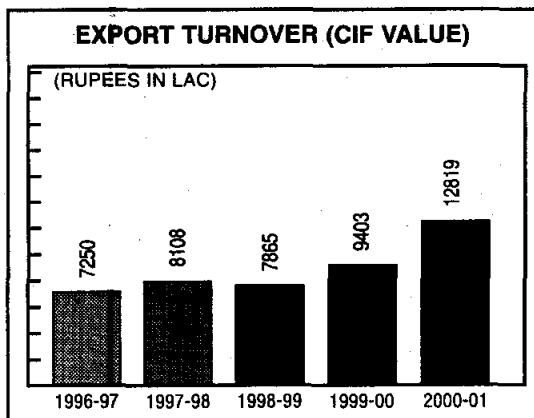
The turnover increased by 10% over the previous year. The operational profit before tax for the year grew by 73%. The profit after tax registered an increase of 84%. Despite recession in textile industry, this satisfactory growth was possible due to continuous focus on quality of product and customers satisfaction. Your directors have pleasure to inform that expansion cum modernisation programme undertaken by the company last year have successfully implemented.

EXPORTS

The Company continues to be in the export market and its products are well established all over the globe. The Company's export including export incentives have risen to Rs. 12,819 lacs on CIF value as against Rs. 9,403 lacs on CIF value, showing an increase of 36%. Your Directors have pleasure to report that the Company has received best export awards from SRTEPC in three categories for export of Polyester Spun Fabric, Acrylic Yarn and Man Made Fibre Blended Fabric.

POWER PLANT

The Company has installed furnace oil based power generating sets of total capacity 6.2 MW at the cost of



Rs. 1,400.00 lacs which will cater the Company's power requirement. This shall substantially reduce the power cost in the coming years.

FINANCE

During the year the Company has issued 15% Redeemable Debentures of Rs.100/- each amounting to Rs.3.00 crores to augment the long term funds for its working capital requirement. The Company has also availed Term Loan of Rs. 26.30 crores at concessional rate of interest under Technology Upgradation Fund Scheme (TUFS) for its expansion, modernization and diversification plan from Industrial Development Bank of India, Exim Bank and Punjab National Bank. The Company's Bankers have also extended timely working capital finance to meet the requirement of the company.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors' confirm that:-

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. The Directors had selected such accounting policies and applied them consistently and made judgements 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 on 31st March, 2001 and of the profit or loss of the Company for the year ended 31st March, 2001.
- 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 fraud and other irregularities.
- IV. The Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri LN Jhunjhunwala and Shri AN Jariwala are retiring by rotation and offer themselves for re-election.

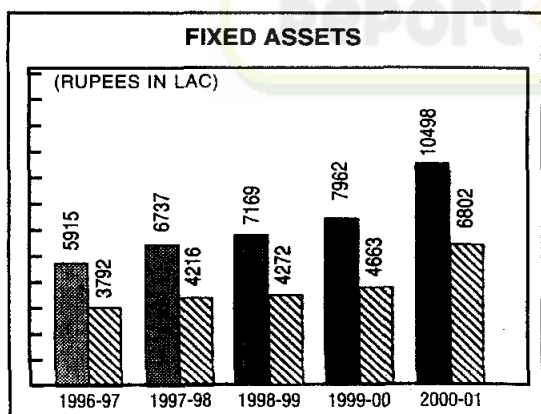
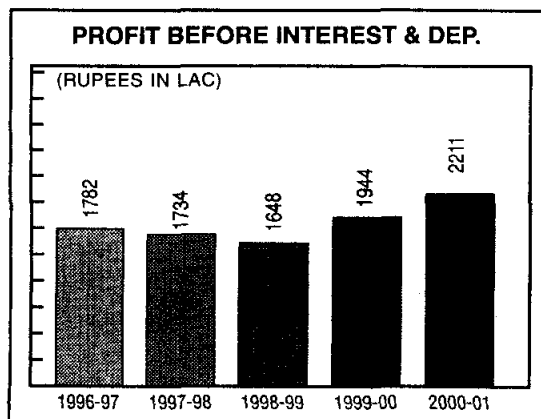
As per the requirement of section 292-A, Company has constituted a Audit committee as under :-

Shri D. S. Alva, Chairman

Shri Kamal Kishore Kacholia

Shri Rakesh Mehra

The Composition role functions and power of the 'Audit' Committee are in line with the requirement of applicable laws and regulations.



**FIXED DEPOSITS**

The company continues to accept the deposit offered by the public and at the close of the year it has fixed deposit of Rs.728 lacs from the deposit holders. All interest and principal dues are being paid regularly.

AUDITORS

M/s Kalani & Company, Chartered Accounts, Jaipur holds office as the Auditors of the Company until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. According to letter form Unit trust of India, their Nominee Director is not subject to disqualification under the provisions of Companies Act, 1956. Other observations of Auditors are self-explanatory and do not call for any comments.

ENERGY CONSERVATION

As required under section 217 (1)(e) of the Companies Act, 1956 and the rules framed thereunder, a statement disclosing particulars regarding conservation of energy and technology absorption is annexed to and form part of this report.

HUMAN RELATIONS

The Company have a team of able and experienced engineers and Industry professionals. Human resource development programme is being pursued continuously to create enthusiasm for quality production, Board of Directors appreciate the services rendered by staff and workers for their active cooperation.

As required by the provision of Section 217 (2A) of the Companies Act, 1956, read with the Company's (Particulars of employees) Rules, 1975 as amended, the particulars of employees of the Company who were in receipt of remuneration of not less than Rs.1,00,000/- per month are annexed to and form part of this report.

ACKNOWLEDGEMENT

The Board records its appreciation for the co-operation, guidance and encouragement given to the Company by Industrial Development Bank of India, Unit Trust of India and EXIM Bank, the Financial institutions and Punjab National Bank, Union Bank of India, Bank of Baroda and Bank of India, the Bankers of the Company.

For and on behalf of the Board

Place: Mumbai

Dated: 11th June, 2001

R. L. Toshniwal

Chairman & Managing Director

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

S.No.	Name of the Employees	Designation & nature of duties	Remuneration received (Rs.)	Qualification & experience (No. of years)	Age (years)	Date of Commencement of employment	Previous employer, designation, period of service (No. of years)
A. Employed through-out the year and were in receipt of remuneration in aggregate of not less than Rs. 12,00,000 per annum.							
1.	Shri R. L. TOSHNIWAL	Chairman & Managing Director	16,70,647	M.Sc. (Tex.) Leeds University of England. (40)	67	01.08.77	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
2.	Shri RAKESH MEHRA	Wholetime Director	12,88,023	F.C.A. (13)	44	01.10.93	R.R. Toshniwal Enterprises Chief Executive (5)
B. Employed for a part of the year and were in receipt of remuneration of not less than Rs. 1,00,000 per month.							
NIL							

Notes :-

- Total number of employees included in the above statement-2.
- The above figures is for the period 1.4.2000 to 31.3.2001 for twelve months.
- Remuneration comprises salary, allowances, monetary value of perquisites, commission of directors and Company's contribution to provident fund.
- In addition to the above remuneration, employees are also entitled to gratuity.
- Both the employees have adequate experience to discharge the duties assigned to them.
- Shri Rakesh Mehra Wholetime Director is relative (Son-in-Law) of Shri R. L. Toshniwal, CMD.