

Annual Report 2001-2002

Certified True Copy
FOR BANSWARA SYNTEX LIMITED



MAHESH BHUTTRA
Vice President (Fabric)
& Company Secretary



Banswara SYNTEX LIMITED


MAHESH CHATURVEDI
 Vice President (Fabric)
 & Company Secretary

FINANCIAL HIGHLIGHTS

(Rs. in lac)

2001-2002 2000-2001 1999-00 1998-99 1997-98

TURNOVER AND PROFITS

Turnover (including export)	21,469	21,455	19,527	18,485	19,801
Exports (CIF Value)	11,250	12,819	9,403	7,865	8,108
Profit before Interest, Depreciation and Tax	2,313	2,211	1,944	1,648	1,734
Interest	1,352	1,385	1,333	1,280	1,251
Profit before Depreciation & Taxation	961	826	611	368	483
Profit after Depreciation	317	369	213	29	145
Tax- Current	26	23	25	18	19
Deferred	9	-	-	-	-
Profit after Taxation	282	346	188	11	126

ASSETS AND LIABILITIES

Gross Fixed Assets (Net of Revaluation)	11,496	10,498	7,962	7,169	6,737
Net Fixed Assets	7,233	6,802	4,663	4,272	4,216
Net Current and Other Assets	6,240	5,823	5,270	4,740	4,674
Equity Share Capital	678	678	678	678	678
Reserves & Surplus (Excl. Rev. Res.)	2,531	2,750	2,404	2,216	2,205
Net Worth	3,176	3,384	3,025	2,820	2,795
Deferred Tax Liability	510	-	-	-	-
Secured Loans	8,803	8,408	6,131	5,334	5,307
Other Long Term Liabilities	997	842	787	867	797

RATIOS

Book value per Share (Rs.)	46.17*	49.19	43.97	40.99	40.63
Earning per Share (Rs.)	4.16	5.10	2.73	0.15	1.83

* Low due to provision of Deferred Tax Liability Rs. 501 lacs out of General Reserve.

**Board of Directors**

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

Executives

Shri S. S. Sajal	President
Shri J.K. Rathi	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

Bankers

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

Jaipur Office

"Ankur Apartment"
 S-6, Jyoti Nagar Extension
 JAIPUR-302 005

Mumbai Office

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

Delhi Office

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

QUALITY POLICY

WE, WISH TO BE WORLD CLASS IN THE MANUFACTURE OF YARN & FABRIC

OUR ENDEAVOUR 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.
- * CONSTINUAL IMPROVEMENT IN QMS & QUALITY THROUGH H.R.D., UP-GRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHOD OF WORK.
- * PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

Certified True Copy
FOR BANSWARA SYNTAX LIMITED

MAHESH BHUTRA
Vice President (Fabric)
& Company Secretary

NOTICE

TO THE SHAREHOLDERS,

NOTICE is hereby given that Twenty Sixth Annual General Meeting of the share holders of Banswara Syntex Limited, will be held at its Registered Office, Industrial Area, Dohad Road, Banswara on Monday, the 16th day of September, 2002 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2002 and Profit and Loss account for the year ended on that date and the report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri D.S. Alva who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Shri Kamal Kishore Kacholia who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint Auditors and to authorise the Audit Committee to fix their remuneration.

SPECIAL BUSINESS

5. **Creation of charge to secure Term Loan from Bank of India**

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 immoveable and moveable properties of the Company wheresoever situate, present and future, and whole of the undertaking of the Company on pari-passu basis in favour of Bank of India for their Foreign Currency Term Loan of USD 3.57 lacs. equivalent to Rs.175 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 India in terms of the loan 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 India the documents for creating the aforesaid mortgage 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 to secure Foreign Currency Term Loan from Export Import Bank of India**

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 immoveable and moveable properties of the Company wheresoever situate, present and future and whole of the undertaking of the Company on pari-passu basis in favour of Export Import Bank of India for their Foreign Currency Term Loan of USD 0.63 million equivalent to Rs.300 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 Export Import Bank of India in terms of the 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 Export Import Bank of India the documents for creating the aforesaid mortgage 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 Union Bank of India**

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 immoveable and moveable properties of the Company wheresoever situate, present and future and whole of the undertaking of the Company on pari-passu basis in favour of Union Bank of India for their Term Loan of Rs.550 lacs convertible into foreign currency term loan 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 Union Bank of India in terms of the 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 Union Bank of India the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.

8. **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:-



BANSWARA SYNTEX LIMITED

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 immoveable properties acquired from M/s Banswara Fabrics Limited and situated at Industrial Area, Dohad Road, Banswara on exclusive charge basis 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 the 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 effect to the above resolution.

9. Appointment of Additional Director

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

"RESOLVED THAT Shri Parduman Kumar who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company liable to retire by rotation".

10. Re-appointment of Shri Ravi Toshniwal as Executive Director

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approval as may be necessary, consent and approval be and is hereby given to the Company for re-appointment of Shri Ravi Toshniwal, as Executive Director of the Company with effect from 24th Aug. 2002 to 23rd August 2007 on the terms and conditions including remuneration as set out below :

Salary :

1. Rs. 60,000/- per month which shall be increased every year by Rs. 5,000/- in the scale of Rs. 60,000-5,000-85,000/-
2. Bonus/Exgratia as may be payable to Senior Executives of the Company but not exceeding 20% of the basic salary.

Perquisites : The perquisites shall be as follows :

Part A

1. **Housing :** Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance will be borne by the company.
2. **Medical Reimbursement :** Reimbursement of expenses actually incurred however, the total cost to the Company should not exceed one month salary per year or three months salary in a period of 3 years.
3. **Leave Travel Concession :** For self and family once in a year incurred in accordance with the Rules specified by the Company.
4. **Club Fees :** Fees of the clubs subject to a maximum of two clubs except admission and life membership fee.
5. **Personal Accident Insurance :** Premium not to exceed Rs. 4,000/- per annum.
6. **Servant allowance :** Not exceeding Rs. 24,000/- per annum.

PART B

In addition to the perquisites Shri Ravi Toshniwal shall also be entitled to the following benefits which shall not be included in the computation of ceiling on remuneration specified above.

1. **Provident Fund :** The Company's contribution towards Provident Fund as per Rules of the Company.
2. **Gratuity :** Gratuity payable shall not exceed half month's salary for each completed year of service.
3. **Leave :** Leave and Leave encashment as per Rules of the Company.

Part C

1. **Conveyance :** Free use of Company's car with driver. Personal use of car shall be billed by the Company.
2. **Telephone :** Free telephone facility at residence. Personal long distance calls shall be billed by the Company.

Reimbursement of Expenses : Apart from the remuneration as aforesaid, Shri Ravi Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in discharge of his duties efficiently in connection with the business of the Company.

Sitting Fee etc. :

No sitting fee shall be paid to Shri Ravi Toshniwal for attending the Meeting of Board of Directors or any committee thereof of the Company. He shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT Shri Mahesh Bhutra Vice President (Fabric) and Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 26th July, 2002

By Order of the Board

MAHESH BHUTRA
Vice President (Fabric)
& Company Secretary

Certified True Copy

FOR BANSWARA SYNTEX LIMITED

MAHESH BHUTRA

Vice President (Fabric)

& Company Secretary

NOTES

1. The Register of Members and Shares Transfer Book of the Company shall remain closed from 10th September, 2002 to 16th September, 2002.
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 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 availed a Foreign Currency Term Loan of USD 3.57 lacs equivalent to Rs.175 lacs from Bank of India to prepay to Unit Trust of India of its 15% Redeemable Debentures placed with them. As security for the above borrowings, Company is required to give charge of its moveable /immoveable properties in favour of Bank of India. This may be regarded as disposal of properties/undertaking of the Company. It is therefore, necessary to get approval from 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 this resolution.

Item No. 6.

For long term working capital requirement, Company has availed a Foreign Currency Loan of USD 0.63 million equivalent to Rs.300 lacs from Export Import Bank of India. As security for the above borrowings, Company is required to give charge of its moveable / immoveable properties in favour of Bank of India. This may be regarded as disposal of properties/undertaking of the Company. It is therefore, necessary to get approval from shareholders by way of passing a resolution u/s. 293(1)(a) of the Companies Act, 1956 for creation of mortgage/charge. None of the Directors of the Company are interested in this resolution.

Item No. 7.

For expansion and modernization of the plant, the Company has availed a term loan of Rs.550 lacs convertible in foreign currency loan from Union Bank of India. As security for above borrowings, Company is required to give charge of its moveable /immoveable properties in favour of Union Bank of India.. This may be regarded as disposal of properties/undertaking of the Company. It is therefore, necessary to get approval from 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 this resolution.

Item No. 8.

For expansion and modernisation of the plant, the

Company has availed a term loan of Rs.500 lacs from Bank of Baroda.

As per agreement with the Bank, the Company is required to give exclusive charge of its immoveable properties (land & buildings) purchased from Banswara Fabrics Limited in favour of Bank of Baroda to secure the above borrowings. This may be regarded as disposal of properties/undertaking of the Company. It is therefore, necessary to get approval from 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 this resolution.

Item No. 9.

Shri Parduman Kumar was appointed as an Additional Director of the Company on 29th October, 2001 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from a member signifying his intention to propose the appointment of Shri Parduman Kumar as a Director alongwith a deposit of Rupees Five Hundred. The Board considers it desirable that Company should continue to avail of his services. None of the Directors of the Company except Shri Parduman Kumar are interested in this resolution.

Item No. 10.

Shri Ravi Toshniwal was appointed as Executive Director of the Company w.e.f. 24th August 1997 to hold the office as such for 5 years. His term of office as Executive Director is expiring on 23rd August 2002.

Considering his significant contribution towards progress of the Company, particularly in export market, the Board of Directors of the Company has re-appointed him as Executive Director for a further period of five years w.e.f. 24th August 2002 at its meeting held on 26th July 2002, subject to necessary approvals.

The remuneration payable to Shri Ravi Toshniwal, as Executive Director has also been approved by the Board after considering his experience and contribution towards the Company's over all performance.

Since re-appointment and remuneration payable to Executive Director require approval of the members of the Company in the General meeting, pursuant to section 198 and 309 read with schedule-XIII to the Companies Act, 1956, resolution as set out in this item is recommended for approval by the members.

None of the Directors, except Shri R.L. Toshniwal and Shri Rakesh Mehra being father and brother-in-law of Shri Ravi Toshniwal, is in any way concerned or interested in the above resolution

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 26th July, 2002

By order of the Board

MAHESH BHUTRA
Vice President (Fabric)
& Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 26th Annual Report together with Audited Statements of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

(Rs. in lac)

	This Year 2001-2002	Previous Year 2000-2001
Income	21,633	21,624
Profit before interest & depreciation	2,313	2,211
Less : Interest	1,352	1,385
Profit before depreciation	961	826
Less : Depreciation	644	457
Profit before tax	317	369
Less : Tax	35	25
Profit after Tax	282	346
Balance Brought Forward	222	276
Deferred Tax Liability up to 31.03.2001	501	-
Less : Transferred from General Reserve	501	-
Profit available for appropriation	504	622
Appropriation :		
Transfer to General Reserve	450	400
Balance Carried to Balance Sheet	54	222

OPERATIONS

Production of yarn has increased from 10211 M.T. to 11492 M.T i.e. by 12.5% over the previous year. However, the sales turnover almost remained the same mainly due to reduction in average selling price of yarn as well as cloth. The operating profit before interest, depreciation and tax has shown marginal improvement of 4.61% as compared to the previous year. Efforts for overall cost reduction continued throughout the year. Financial restructuring and repayment of high cost debts also helped to reduce the interest cost. Though, the overall profitability of the Company declined due to higher provision of Rs.187 lacs towards depreciation.

During the year, Accounting Standard - 22 "Taxes on Income" became mandatory and, as such, the Company has made provision for the Deferred Tax Liability which works out to Rs.501 lacs upto 31.03.2001 have been adjusted against General Reserves.

EXPORTS

In view of the adverse impact of international terrorism on the world's economy, there has been demand recession and

consequential set back to our exports. The Company's exports during the year were Rs.11250 lacs, on CIF basis, which is 59.51% of the Net Sales. The situation in the international market has since improved and, at present, the company has sufficient export orders in hand from all over the globe.

Your directors are pleased to report that the company has received the highest export award from SRTEPC for export of synthetic blended fabric.

MODERNISATION

The Company continues to put thrust on modernisation and technological upgradation programme to maintain competitiveness and improvement in quality of the Company's products. During 2001-02, the number of spindles installed increased from 47984 to 55096. The Company propose to add further spindles and looms alongwith balancing equipment during the current financial year also.

POWER PLANT

The 6.2 MW furnace oil based power plant installed last year remained in successful operation, producing power at lower cost. It has helped the Company to considerably reduce the expenditure on power and fuel thereby improving its efficiency, profitability and competitiveness.

FINANCE

During the year, your Company availed Corporate Loan of USD 0.63 million i.e. equivalent to Rs.300 lacs from Export Import Bank of India to meet the long term working capital requirements. The Company also availed term loan of Rs.500 lacs from Bank of Baroda at concessional rate of interest under Technology Upgradation Fund Scheme. Union Bank of India has also sanctioned foreign currency loan equivalent to Rs. 550 lacs. Both these loans are for expansion and modernisation project.

The Company has fully pre-paid 15% debentures of Rs.225 lacs issued to Unit Trust of India. The Company has availed foreign currency term loan rupee equivalent Rs.175 lacs from Bank of India for this purpose. The bankers have also extended timely working capital finance to meet Company's requirements from time to time.

DIVIDEND

Despite net profits, your Directors do not propose any dividend this year on account of provision for deferred tax liability for earlier years coupled with the need to conserve resources.

CORPORATE GOVERNANCE

The Company has in place an identifiable system of good Corporate Governance. A separate report on Corporate Governance is annexed to this Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under clause 49 of the Listing Agreement is appended to the Report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the company is to manufacture and marketing of synthetic blended yarn and fabric. The management discussions and analysis is given in sub-paragraphs (a) to (i) below:

a) Industry structure and development

Textile industry continued to pass through a difficult phase during the year under review due to general economic slow down and demand recession in domestic and export markets. Lack of modernisation, high cost of inputs and competition from other countries have forced many textile mills in the country to close down. Not only this, no new textile mills have come up in last few years. However, there is general awareness and concern about the need to revive the industry and exploit its export potential. On its part, the Government has taken several steps including reduction of excise duty in the Budget for the year 2002-03 which should have some positive impact on this industry.

b) Opportunities and threats

With effect from 1st January, 2005, import restrictions will be completely removed exposing Indian industry to international market without any restriction on import and export of textiles and garments. While globalisation offers unlimited opportunities, the same is fraught with threats from competitors, specially from countries like China can adversely affect our exports and local markets. However, with the consciousness and efforts by the industry to become competitive, it is expected that opportunities provided by the free market economy in the long run would be fully exploited to the benefit of the country. Further, due to the closure of various mills manufacturing textile products in India, the product of the Company may get better opportunity for sale within India.

c) Segment-wise performance

The Company is engaged in manufacture of textile products having integrated facilities. For management purposes, Company is organised into one major operating activity of the textile products. Accordingly, the Company is of view that it has only a single business segment. The Company has no activity outside India

except export of textile products manufactured in India. Therefore, there is no geographical segment.

d) Outlook

Although the outlook for the textile industry is fraught with uncertainty, the Directors are hopeful that with the thrust on improvement in international scenario, change in the product mix and development of new qualities, it would be possible to meet the challenges being faced by the Indian textile industry. It is also expected that the export scenario would improve in the coming years after the abolition of quota system.

e) Risk and concerns

The year under review has been a difficult one for the Indian Industry in general and textile industry in particular. The company is expanding its market and aims to achieve world class standards in quality and services. The key business processes such as market development, order procurement and supply management have been re-engineered and new practices adopted at all levels.

Technological obsolescence is an inherent business risk in a fast changing world and fast adaptability to change is crucial for survival of business. Continuous modernisation programme started by the company coupled with international bench marking has enabled the company to emerge as a modern and efficient textile plant.

f) Internal control system

The Company maintains adequate internal control systems, which provide adequate safeguards and proper monitoring of the transactions. The Company has a strong and independent internal audit department. The internal auditor reports directly to the Chairman & Managing Director and Audit Committee of the Board. Personnel of internal audit department conduct periodic audits to ensure that the company's control systems are adequately followed and all statutory requirements are complied with.

g) Discussion on financial performance with respect to operating performance

The operating performance of the company has been discussed in the first two paragraphs of this report under the head 'Financial Results' and 'Operations'.

h) Developments in human resources and industrial relations

The Company's HRD activities involve total approach to develop the employees with emotional maturity, creativity, customer focus, quality consciousness, etc. The industrial relations throughout the year remained cordial.



BANSWARA SYNTEX LIMITED

i) Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

FIXED DEPOSITS

The Company continues to accept deposits from the public. As on 31st March, 2002, your company had Rs.875 lacs from deposit holders. All interest and principal dues are being paid regularly.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of 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, 2002 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 fraud and other irregularities.
- IV. The Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri D. S. Alva and Shri Kamal Kishore Kacholia are retiring by rotation and being eligible offer themselves for re-election. Shri Parduman Kumar was appointed as Additional Director during the year being eligible for appointment as regular Director. Shri Ravi Toshniwal was re-appointed as Executive Director for further period of five years, subject to approval of share holders in ensuing Annual General Meeting.

AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Company has constituted Audit Committee comprising the following independent Directors:

Shri D.S. Alva, Chairman
Shri Kamal Kishore Kacholia
Shri Parduman Kumar

The Composition, role, functions and power of the 'Audit Committee' are in line with the applicable laws and Listing Agreements of the Company with Stock Exchanges.

AUDITORS

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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of 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 'A' which forms part of this report.

HUMAN RELATIONS

The Company has a team of able and experienced professionals. Human Resource Development programme is being reviewed continuously to create enthusiasm for quality production. Directors place on record their deep appreciation for the devoted services of the workers, staff and the executives.

None of the employees were in receipt of remuneration of Rs.2,00,000/- per month or more.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation and thanks to the Financial Institutions, Banks, Government Departments, Customers, Suppliers and above all to the Share Holders for the continued support and goodwill.

For and on behalf of the Board

Place: Mumbai
Dated: 26th July, 2002

R. L. Toshniwal
Chairman & Managing Director

ANNEXURE "A" TO DIRECTORS' REPORT

Additional informations 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.**

- i) Stoppage of air leakage at various points in main line and machines.
- ii) Providing Butterfly damper in humidification towers to stop the fans in winter season.
- iii) Modified water supply line to stop water pump.
- iv) Re-alignment of tube light fitting in the deptt. to reduce the number of fittings.
- v) Providing transparent sheet on the roof where there is no false ceiling to switch off lights in day time.
- vi) Replacement of Boiler feed water pump by lower H.P. pump of latest design.

b) Additional Investment and proposal, being implemented for reduction of consumption of energy.

Installed Waste heat recovery units with each WARTSILA DG set to utilise the waste heat of exhaust gas of WARTSILA DG set

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.

This has reduced the consumption of air and electricity.

d) Total energy consumption and energy consumption per unit of production as per form A of the annexure in respect of industries specified in the schedule thereto. As per form 'A' given below.**B. TECHNOLOGY ABSORPTION :****e) Efforts made in technology absorption.**

As per form 'B' given below

C. FOREIGN EXCHANGE EARNING AND OUTGO :

The information of Foreign Exchange earning and outgo is contained in item 11(d) & (e) in schedule 22 annexed to the Balance Sheet as at 31st March, 2002

FORM A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY 2001-2002****A. POWER AND FUEL CONSUMPTION**

1. Electricity	Current year	Previous year.
a) Purchased		
Units	43,61,219	2,30,91,149
Total Amount (Rs.)	2,12,22,605	10,31,47,025
Rate/Unit	4.87	4.47
b) Own generation		
i) Through Diesel Generator		
Units	22,97,703	1,75,34,609
Units per Ltr. of diesel oil	3.31	3.15
Cost/Unit	4.84	4.15
ii) Through Furnace oil Generator		
Units	4,32,06,144	24,30,300
Units per Ltr. of Furnace oil	4.14	4.27
Cost/Unit	2.09	2.15

2. Coal (Steam, used for Generation of Steam in Boiler)		
Quantity (MT)	2,419.54	3,143.50
Total cost (Rs.)	69,45,487	83,17,504
Average rate/MT (Rs.)	2,870.59	2,645.93
3. Furnace oil		
Quantity (K. Ltrs.)	10,372.39	547.00
Total Amount (Rs.)	8,83,12,128	50,25,156
Average rate (Rs.)	8.51	9.18

4. Other /Internal generation Not applicable

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standard (if any)	Current year	Previous year
Production of yarn	Kg.	1,15,07,431	1,03,17,438
Production of cloth	Mtr.	54,61,165	44,58,209
Electricity per kg. of production	Unit	3.90	3.76
Electricity per mtr. of production	Unit	0.91	0.96
Coal per kg. of production	Kg.	0.21	0.30

FORM B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2001-2002****RESEARCH AND DEVELOPMENT (R & D)**

1. **Specific areas in which R & D carried out by the Company.**
R & D Department of the Company is developing new yarns and fabrics as per changing trend and feed back received from different customers in the international and national market.
2. **Benefits derived as a result of the above R & D**
Continuous development has made Company to cater the needs of various buyers. Company is able to produce fabric and yarn as per buyers requirement.
3. **Future plan and action**
Research & Development is a continuous process for making new yarns and fabrics as per the requirement of market and fashion trends and the same is being taken up vigorously.
4. **Expenditure on R & D**

- a) Capital Rs. 20.00 lac (Approx)
- b) Recurring Normal running expenses

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. **Efforts, in brief, made towards technology absorption, adoption and innovation.**
Company has an existing unit for spinning yarn and weaving fabric. Company is constantly modernising its existing machines to keep pace with technological developments new Simplex, and Ring Frames, Carding, Autoconers, TFO, Siro Cheese Winding, Draw Frames have been installed to produce good quality of yarn. Looms of advanced technology shall be installed to produce high quality fabric which is being exported to Europe, America, Canada, Australia, Africa etc.
2. **Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, the production development, import substitution etc.**
Good quality of yarn and fabric is being produced.
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 : 26th July, 2002

R. L. TOSHNIWAL
Chairman & Managing Director