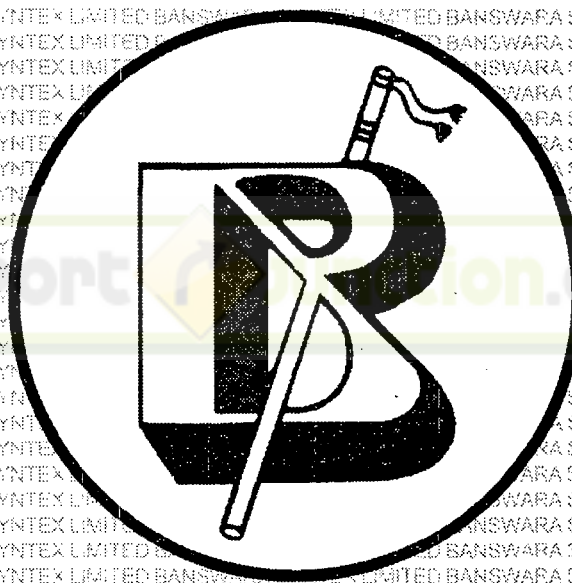


Annual Report 2007-2008



Badswapa SYNTEX LIMITED

FINANCIAL HIGHLIGHTS

	Rs.in Lacs				
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
TURNOVER AND PROFITS					
Turnover (Including Export)	45,154	41,343	34,495	27,207	26,994
Exports (Including Deemed Exports & Benefits)	28,152	25,694	21,218	16,000	20,431
Profit Before Interest, Depreciation & Tax	5,120	5,685	4,339	2,921	3,330
Interest	2,373	1,781	1,437	1,169	1,203
Profit Before Depreciation & Tax	2,747	3,904	2,902	1,752	2,127
Profit after Depreciation	567	2,278	1,571	678	1,304
Tax- Fringe Benefits	29	23	26	-	-
Current (Net of MAT Credit Entitlement)	-	646	210	49	108
Deferred	96	115	409	251	336
Profit after Tax	442	1,494	926	378	860
Dividend %	12	20	20	12	12

ASSETS AND LIABILITIES

Gross Fixed Assets (Net of Revaluation)	43,433	33,949	25,134	19,787	16,639
Net Fixed Assets	31,915	24,452	17,038	13,196	10,944
Net Current and Other Assets	12,421	9,596	10,016	7,908	6,244
Equity Share Capital	1,308	1,251	777	681	678
Preference Share Capital	173	173	-	-	-
Reserves & Surplus (Excluding Revaluation Reserve)	6,945	6,463	5,299	3,982	3,687
Net Worth	8,253	7,714	6,076	4,663	4,365
Deferred Tax Liability	2,053	1,957	1,841	1,391	1,140
Secured Loans	33,207	23,039	17,682	13,521	10,516
Other Long Term Liabilities	1,758	1,866	1,803	1,744	1,181

RATIOS

Book value per Share (Rs.)	62.97*	61.50*	50.76*	67.78	63.46
Earning per Share (Rs.)	3.34*	12.02*	8.10*	5.54	12.68

*Calculated after giving effect of issue of Bonus Shares during the year 2006-07

COMPANY INFORMATION**BOARD OF DIRECTORS**

Shri R.L.Toshniwal, Chairman & Managing Director
 Shri Ravi Toshniwal, Joint Managing Director
 Shri Rakesh Mehra, Wholetime Director
 Shri Shaleen Toshniwal, Wholetime Director
 Shri D.S.Alva
 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.A.Makwana, Nominee Director

EXECUTIVES

Shri S.S. Sajal, President
 Shri J.K. Rath, President (Commercial)
 Shri V.G. Maheshwari, President (Daman Unit)
 Shri B.C. Jain, President (Surat Unit)
 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)

AUDITORS

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

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-400 023
 Email:helpdesk@computechsharecap.com
 website:www.computechsharecap.in
 Phone No.(022)-22635000, 22635001

OFFICES**REGISTERED OFFICE**

Industrial Area, Dohad Road,
 BANSWARA - 327 001 (Raj.)
 Email : secbsw@banswarafabrics.com
 website:www.banswarasyntex.com
 Phone No. (02962) 257676 to 257681
 240690, 240691, 240693

HEAD/MARKETING OFFICE

5th 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)
 Industrial Area, Dohad Road
 BANSWARA - 327001 (Raj.)

Daman Unit (Garment)

- 98/3, Village Kadaiya
 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.)

Surat Unit (Garment)

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

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.

ANNUAL REPORT 2007-2008

NOTICE

NOTICE is hereby given that 32nd Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Saturday the day of 13th September, 2008 at its Registered Office, Industrial Area, Dohad Road, Banswara (Raj.) 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, 2008 and Profit & Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares. ~~and preference shares~~
3. To appoint a Director in place of Shri Vijay Mehta who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri P. Kumar who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri D.P. Garg who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. Re-appointment of Shri R.L. Toshniwal as Chairman & Managing Director.

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 314 and 349 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 approvals, as may be necessary, appointment of Shri R.L. Toshniwal be and is hereby recommended as Chairman and Managing Director of the Company from 1st August, 2009 to 31st July, 2012 on the terms & conditions including remuneration as set out below:-

- (i) **Salary** : Rs.3,60,000/- per month basic salary, which shall be increased every year on 1st August by Rs. 30,000/- in the scale of Rs. 3,60,000-30,000-4,20,000/-.
- (ii) **Commission**: 1% commission on the net profit of the company computed in the manner laid down as per schedule XIII of the Companies Act, 1956.
- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **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 charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three month's salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4,000/- per annum.
- (f) **Servant Allowance** : Not exceeding Rs.24,000/- per annum.

PART - B

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

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri R.L. Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri R.L. Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri R.L. Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting."

"RESOLVED FURTHER THAT Shri Ravi Toshniwal, Joint Managing Director, Shri Rakesh Mehra, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

8. Re-appointment of Shri Rakesh Mehra as Wholetime Director.

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 314 and 349 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 approvals, as may be necessary, appointment of Shri Rakesh Mehra be and is hereby recommended as Wholetime Director of the Company from 1st October, 2008 to 30th September, 2013 on the terms & conditions including remuneration as set out below:-

- (i) **Salary** : Rs.2,75,000/- per month basic salary, which shall be increased every year on 1st August by Rs.25,000/- in the scale of Rs.2,75,000-25,000-3,75,000/-.
- (ii) **Commission**: 1% commission on the net profit of the company computed in the manner laid down as per schedule XIII of the Companies Act, 1956.

The Commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L. Toshniwal, Chairman & Managing Director of the Company and another 1% to Shri Ravi Toshniwal, Joint Managing Director of the Company.

- (iii) **Perquisites**: The perquisites shall be as follows :

**PART - A**

- (a) **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 charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three month's salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4,000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000/- per annum.

PART - B

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

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.

- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Rakesh Mehra shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Rakesh Mehra for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Rakesh Mehra be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting."

"RESOLVED FURTHER THAT Shri R.L. Toshniwal, Chairman & Managing Director, Shri Ravi Toshniwal, Joint Managing Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly 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 : 29th May, 2008

By Order of the Board

J. K. JAIN

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 business 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 and signed, 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 Book of the Company shall remain closed from 6th September, 2008 to 13th September 2008 (both days inclusive) in connection with the payment of dividend for the financial year 2007-08.
5. Shareholders are requested to immediately notify to the Company any change in their address.
6. The shareholders, who have not converted their shares in demat form, are requested to do so.
7. The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 16th September, 2008 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 5th September, 2008.

- 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 5th September, 2008.
8. Members holding shares in physical form are advised to furnish, on or before 5th September, 2008, 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.
9. The company has declared dividend for the year 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07. 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 get the demand drafts issued in lieu thereof. As per the provisions of the Companies Act, 1956 the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund.
10. 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. to 1.00 P.M. except on holidays.
11. 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.

ANNUAL REPORT 2007-2008

Item No.7

Shri R.L. Toshniwal, aged 74 years, is a textile technocrat from Leads University, England and has vast experience of over 45 years in the field of textile industry. Before joining the company he was the chief executive of M/s Oriental Carpets Manufacturing (India) Ltd. He is the promoter director of the company and holding the post of Chairman since inception. Shri R.L. Toshniwal is looking after overall activities of the company. His tenure of appointment is expiring on 31st July, 2009.

Looking to the sincere, dedicated and committed services rendered by Shri R.L. Toshniwal, Chairman & Managing Director of the Company, Board of Directors in its meeting held on 29.05.2008 has reappointed him as Chairman & Managing Director of the Company for further three years effective from 1st August, 2009 to 31st July, 2012. Remuneration of Shri R. L. Toshniwal was in the scale of Rs. 3,00,000-30,000-3,30,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 8th August, 2007. The remuneration proposed to be paid to Shri R.L. Toshniwal is set out in the resolution.

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, Shri R.L. Toshniwal shall, subject to the approval of the central government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

(a) Job Profile

Shri R.L. Toshniwal is looking after the overall activities of the Company and Management including production, exports, HRD activities and Capital Investments.

Considering his skill, your Board is of the opinion that the services of Shri R.L. Toshniwal as Chairman & Managing Director is required for allround growth and development of the company.

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is in line with the excellent performance that the Company has made under his dedicated services and able guidance.

(c) Pecuniary relationship with the company and other managerial persons in the company.

Shri R.L. Toshniwal, Chairman & Managing Director and Shri Rakesh Mehra, Wholtime Director in respect of whom the re-appoint as proposed do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Ravi Toshniwal and Shri Shaleen Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is son-in-law of Shri R.L. Toshniwal. Except this relationship and the remuneration proposed to be paid to Shri R.L. Toshniwal and Shri Rakesh Mehra they do not have any pecuniary relationship with the Company.

Shri R.L. Toshniwal holds 1099167 no. of equity shares of Rs. 10/- each in the Company, as on date of this Notice.

None of the Directors except Shri R.L. Toshniwal himself, Shri Ravi Toshniwal, Shri Shaleen Toshniwal and Shri Rakesh Mehra being sons and son-in-law of Shri R.L. Toshniwal are in any way concerned or interested in the above resolution.

This should be considered as an abstract of the terms of appointment and payment of remuneration and a memorandum as to the nature of the concern or interest of the directors as required under section 302 of the Companies Act, 1956.

Your Director recommends the resolution for approval as Special Resolution.

Item No.8

Shri Rakesh Mehra, aged 51 years, is a Chartered Accountant and has over 20 years experience in the field of textile industry. Before joining the company he was the chief executive of M/s RR Toshniwal Enterprises. He is holding the post of Wholtime Director. Shri Rakesh Mehra is looking after all financial activities, export of yarn, and procurement of raw material, besides administrative control at Mumbai office. Board of Directors in its meeting held on 29.05.2008 has reappointed him as Wholtime Director of the Company for a further period of 5 years as approved by Remuneration Committee effective from 1st October, 2008 to 30th September, 2013. Remuneration of Shri Rakesh Mehra was in the scale of Rs. 250000-25000-275000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 8th August, 2007. The remuneration proposed to be paid to Shri Rakesh Mehra is set out in the resolution.

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, Shri Rakesh Mehra shall, subject to the approval of the Central Government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

(a) Job Profile

Shri Rakesh Mehra is looking after the yarn export activities of the Company.

Considering his skill, your Board is of the opinion that the services of Shri Rakesh Mehra as Wholtime Director is need for smooth functioning of the Company.

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid /to be paid by the company is in line with the excellent performance made by the company due to his dedicated services.

(c) Pecuniary relationship with the company and other managerial persons in the company.

Shri Rakesh Mehra and Shri R.L. Toshniwal in respect of whom the re-appoint is proposed do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Ravi Toshniwal and Shri Shaleen Toshniwal are brother in-law of Shri Rakesh Mehra. Shri R.L. Toshniwal is father in law of Shri Rakesh Mehra. Except this relationship and the remuneration proposed to be paid to both of them. Shri Rakesh Mehra do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri Rakesh Mehra holds 25499 no. of equity shares of Rs.10/- each in the Company, as on date of this Notice.

None of the Directors, except Shri Rakesh Mehra, himself, Shri R.L. Toshniwal and Shri Ravi Toshniwal and Shri Shaleen Toshniwal being father-in-law and brothers-in-law of Shri Rakesh Mehra are in anyway concerned or interested in the above resolution.

This should be considered as an abstract of the terms of appointment and payment of remuneration and a memorandum as to the nature of the concern or interest of the directors as required under section 302 of the Companies Act, 1956.

Your Director recommends the resolution for approval.

Registered Office:

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

Place : Mumbai

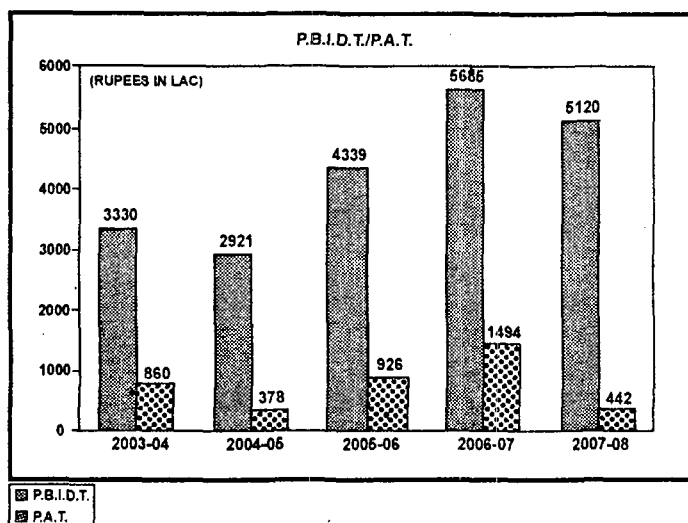
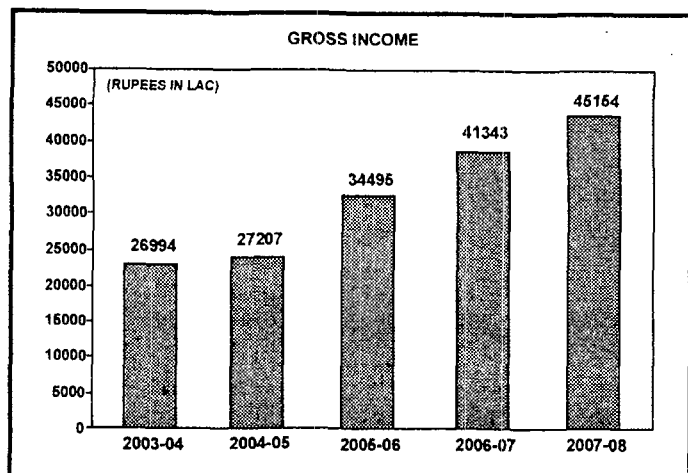
Dated : 29th May, 2008

By Order of the Board

J. K. JAIN

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

DIRECTOR'S REPORT



Dear Shareholders,

Your Directors are pleased to present the 32nd Annual Report covering the operating and financial performance of Banswara Syntex Limited for the year ended 31st March, 2008.

FINANCIAL REVIEW

	Rs. in Lacs	
	This year 2007-08	Previous Year 2006-07
Gross Income	45,154	41,343
Net Income	43,810	39,395
Profit before depreciation & tax	2,747	3,904
Less: Depreciation	2,180	1,626
Profit before tax	567	2,278
Tax on Income	125	
(a) Fringe Benefit Tax	29	23
(b) Current Tax	65	646
(c) Deferred Tax	96	115
	190	
Less : MAT Credit Entitlement	65	
Profit after Tax	442	1,494
Balance Brought Forward	505	509
Profit available for appropriation	948	2,003
Appropriations:		
Proposed Dividend	162	255
Tax on Dividend	28	43
Transfer to General Reserve	150	1,200
Balance Carried to Balance Sheet	608	505
Earning per share (Rs.) : Basic	3.34	12.02
Diluted	3.34	11.39

OPERATIONS

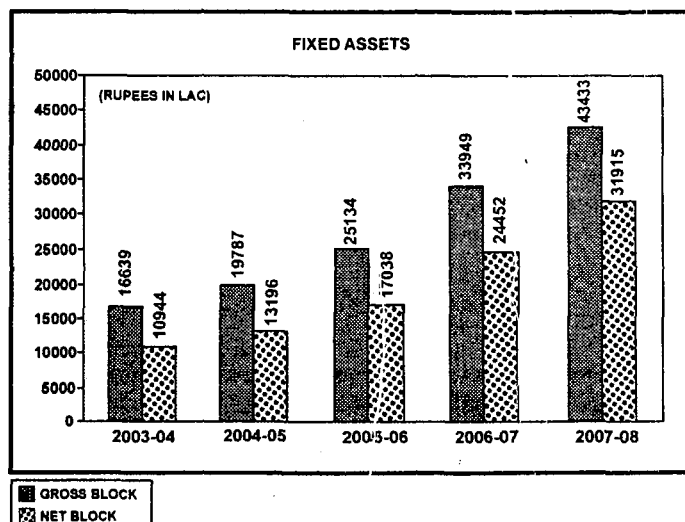
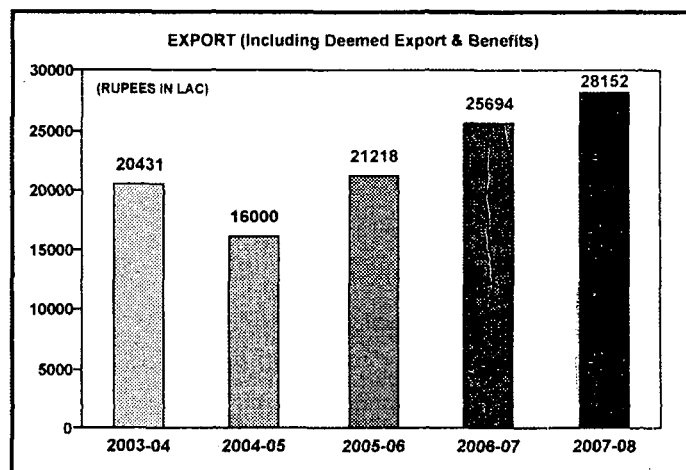
Your Company's performance in production and sales has improved during the Financial Year 2007-08. The production of yarn increased to 216 lac kgs. up by 6% and production of garments went up by 30%, as compared to the production of the previous year. Your company has curtailed the production of low-priced 100% polyester fabric and has pushed up the production of value added fabrics. As a result, gross income of the Company (net of inter division transfers) at Rs.45,154 lacs recorded an increase of 9.22% over the previous year.

During the year, the Rupee appreciated against US Dollar was by more than 10%; this coupled with increase in raw material and fuel/coal prices, resulted in the profit before depreciation and tax declining to Rs.2,747 lacs for the year 2007-08 as against Rs.3,904 lacs in 2006-07. The profit after tax for the year 2007-08 has been Rs.442 lacs as compared to Rs. 1494 lacs in the preceding year. The Company paid Rs.29 lacs as fringe benefit tax and Rs.65 lacs as Income Tax during the year besides providing of Rs.96 lacs as deferred tax liability.

EXPORTS

Your Company's performance on the export front has improved, during the year 2007-08; it achieved export turnover of Rs.24,479 lacs as against Rs.22,442 lacs during 2006-07 an increase of over 9%. This is after taking into account the impact of appreciation of Rupee against USD during the year. The fabric export increased by 21% and garment export by 11% while maintaining the quantum of yarn exports.

ANNUAL REPORT 2007-2008



During the year 2007-08, Turkey the major importer of the company's yarn has initiated Anti Dumping Investigation for imports of "yarn of man-made staple fibre" into Turkey from India. The Company has submitted its response to the Anti Dumping authorities of Turkey.

The Company's Joint Venture with Carreman, France, has given it an access to the World's most prestigious and quality conscious customers for its fabrics and garments. As a result, export of value added fabric is increasing.

Your Company has further attracted new customers of international repute during the year. The marketing and fabric design & development teams participated in national and international trade fairs to get the latest market trends and better understanding of the customer's requirements. The Company is also making sincere efforts to penetrate new international markets.

DIVIDEND

Your Directors are pleased to recommend 12% dividend (previous year 20%) on the equity shares of the Company. The dividend, if approved by the shareholders, will absorb Rs.162.17 lacs, (previous year Rs.255 lacs) besides Rs.27.56 lacs payable to the Government by way of tax on dividend (previous year Rs.43 lacs). This includes the dividend of Rs. 519 lacs payable on preferential shares, besides Rs.0.88 lacs tax thereon.

INCREASE IN SHARE CAPITAL

During the year the company converted 375000 preferential warrants into an equal number of equity shares at a premium of Rs.65.83 per share and issued 187500 bonus shares on these 375000 shares. Consequently the equity paid-up share capital of the Company stands increased from Rs.1251.50 lacs as on 31st March, 2007 to Rs.1308.14 lacs as on 31st March, 2008.

EXPANSION, DIVERSIFICATION AND MODERNISATION

During the year under review the Company invested Rs.10,411 lacs in fixed assets including capital work-in-progress at Rs.3516 lacs as on 31.03.2008.

During 2007-08, the Company added 16440 new Ring Spindles and 17 Air Jet Tsudakuma Looms besides installation of 10 Picanol Looms in Carreman Fabrics India Ltd. The Company has also added 8160 Spindles for production of all-wool/ polywool yarn which are expected to be commissioned starting commercial production from June, 2008. As the competition for the cotton yarn business intensified during the year, your Company converted 12096 spindles for cotton yarn spinning to blended yarn production.

The Company has started a brand new fabric textile laboratory of international standards. The Company has applied for ISO 17025 accreditation of NADL certification besides additions of few more machines for production of better quality fabric.

Your directors are also pleased to inform that the Company has installed 10 Jacquard Looms for production of Upholstery Fabric and a new plant for readymade garments at SEZ, Surat. Uptill now the Company had garment production capacity only for Trousers; it has, now added one line for production of Jackets also. The upholstery and Surat division shall start production shortly.

The term loan requirements for these expansion, diversification and modernization projects is being met through term loans under TUF Scheme.

JOINT VENTURE

The JV Company, Carreman Fabrics India Ltd., has a weaving plant. Your Company owns 50% stake in its equity capital. This company has earned net profit of Rs.7.10 lacs, in its first year full operations.(2007-08) It is producing fabric for the Company on job work basis. Your Company is also providing power for production of own fabric in JV company.

POWER PLANT

The Company has put-up a coal based Thermal Power Plant of 15/18 MW capacity. It started generation of power from September, 2007. It is meeting more than 90% of the power requirement, the balance requirement being met through Government supply. The Company has been allotted quota for the procurement of coal from Indian coal mines and is expected to get coal supply therefrom July, 2008. The generation of power with coal from Indian coal mines will further reduce the power cost. The furnace oil based power plants and connected load with AVNL Ltd. are stand-by resources.

FINANCE

During the year, The Company availed term loans aggregating Rs.9015.22 lacs, from Banks and Financial Institutions, under TUF Scheme to fund various expansion, diversification and modernization programmes. The Company's Bankers/ Financial Institutions have continued to provide need-based funds to meet the long term and short-term requirements of the Company from time to time.

CONTRIBUTION TO EXCHEQUER

Your Company has, during the year, contributed Rs.1742 lacs to the Government Exchequer by way of Excise Duty, Service Tax, Value Added Tax (VAT), Income Tax, Dividend Tax, TC Cess and other levies.

SUBSIDIARY COMPANY

The Company has no subsidiary as on 31st March 2008. However, it has 50% interest in Carreman Fabrics India Ltd, a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report are annexed and marked Annexure-I, which forms part of this report.

FIXED DEPOSITS

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposit from public. As on 31st March, 2008, your Company had such deposits aggregating Rs.634.78 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.

MANAGEMENT

The tenure of Shri R. L. Toshniwal as Chairman & Managing Director is expiring on 31st July, 2009 and that of Shri Rakesh Mehra, Whole-time Director, on 30th September, 2008. Based on the recommendation of the Remuneration Committee, the Board has decided to re-appoint Shri R.L. Toshniwal as Chairman & Managing Director for a further period of 3 years and Shri Rakesh Mehra as Whole time Director for a further

period of 5 years, subject to approval of the shareholders in the Annual General Meeting.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri Vijay Mehta, Shri P. Kumar and Shri D. P. Garg, Directors, are retiring by rotation and, being eligible, offer themselves for re-appointment.

DIRECTOR'S 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 March 31, 2008, the applicable Accounting Standards have been followed.
- 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 on 31st March, 2008 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 March 31, 2008 on a going concern basis.

AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchanges and also the provisions of the Companies Act, 1956, the Company has reconstituted the Audit Committee which now comprises of four Independent Directors, viz. Shri D.S. Alva, Chairman, Shri P. Kumar, Shri Kamal Kishore Kacholia and Shri P.A. Makwana.

The composition, role, functions and powers of the Audit Committee are in accordance 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. They have also furnished a Certificate to the effect that the re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

AUDITOR'S REPORT

As regards Auditor's observations, the relevant notes on account 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.5.58 Lacs and disputed liabilities of Rs. 11.75 Lacs towards the excise duty and Rs. 227.71 Lacs towards entry tax.

The service tax has not been paid in view of the representations made by various Industry Associations to the Government of India with regard to the applicability of the service tax on such services provided outside India. As the Government has decided to give the refund of such taxes, the Board of Directors has decided to pay the same.

ANNUAL REPORT 2007-2008

As regards the payment of disputed liabilities, regarding excise duty the matter is under consideration of Government of India while the entry tax case is under appeal with the Hon'ble High Court, Rajasthan. These liabilities would be met immediately if required and to the extent directed by the competent authorities.

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 'II', which forms part of this report.

DEMATERIALISATION 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, 95.22% shares have been converted into demat form up to 31st March, 2008. 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 relation between the

Company's management and its staff/workers remained cordial. The Directors place on record their deep appreciation for the devoted services of the workers, staff and the executives.

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 Rs.2,00,000/- per month or more are annexed and marked Annexure 'III', which forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, various Central & State Government Departments, Customers and Suppliers during the year under review. The Directors express their profound thanks to the shareholders for their continued support and goodwill and look forward to the future with confidence.

For and on behalf of the Board

Place : Mumbai
Dated : 29th May, 2008

R.L.TOSHNIWAL
Chairman & Managing Director

ANNEXURE - I TO THE DIRECTOR'S 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 among different participants in the organisation, such as, the Board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. It also provides a mechanism through which the company objectives are set, the means to achieve these objectives are defined and the process of monitoring performance is delineated.

I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to the best governance practice and its adherence in the true spirit at all times. The Company is committed to maintain the highest level of transparency, accountability and equity in its operation. It firmly believes that Corporate Governance is about management and conduct of an organization based on ethical business principles and commitment to values. It is the desire to strive for and ensure sustainable returns to all stakeholders of the business and a belief that sound Corporate Governance is critical to retain strengthen and enhance investor trust, Corporate Governance is a set of principles, processes and systems to be followed by the directors, management and all employees of the Company for enhancement of shareholders value while complying with the law in all dealings with Government, customers, suppliers, employees and other stakeholders is the principal objectives of our corporate policy. These principles and objects are embodied in your company philosophy on the code of Corporate Governance.

The Company has complied with the provisions of the Corporate Governance as per Clause 49 of the Listing Agreements with the Stock Exchanges. A report the implementation of these provisions of the Corporate Governance is furnished hereunder.

II. BOARD OF DIRECTORS

The present Board of Directors comprises of 13 members. It includes four Whole-Time Directors, viz. from the promoter group and nine Non-Executive Directors including one Nominee Director of EXIM Bank. Thus, more than 2/3rd of the Board's strength is of Independent Directors. The Non-Executive Independent Directors are eminent professionals with long 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 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.