

Annual Report 2008-2009



Badswapa SYNTEX LIMITED

**KEY HIGHLIGHTS
OF 2008-09**

**Turnover increased by 23.79% to
Rs. 55,895 Lacs**

**Exports increased by 30.16% to
Rs. 36,644 Lacs**

**EBITDA increased by 44.38% to
Rs. 7,392 Lacs**

**Profit after Tax increased by
116.97% to Rs. 959 Lacs**

**Dividend recommended at
Rs. 1.80 per equity share**

Total Assets Rs. 47,529 Lacs

Net Worth Rs. 8,931 Lacs

Net Worth and DTL Rs. 11,124 Lacs

Book Value at Rs. 68.14

EPS at Rs. 7.29



FINANCIAL HIGHLIGHTS

Rs.in Lacs

TURNOVER AND PROFITS	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Turnover (Including Export)	55,895	45,154	41,343	34,495	27,207
Exports (Including Deemed Exports & Benefits)	36,644	28,152	25,694	21,218	16,000
Profit Before Interest, Depreciation & Tax	7,392	5,120	5,685	4,339	2,921
Interest	3,323	2,373	1,781	1,437	1,169
Profit Before Depreciation & Tax	4,069	2,747	3,904	2,902	1,752
Profit after Depreciation	1,129	567	2,278	1,571	678
Tax- Fringe Benefits	30	29	23	26	-
Current (Net of MAT Credit Entitlement)	-	-	646	210	49
Deferred	140	96	115	409	251
Profit after Tax	959	442	1,494	926	378
Dividend %	18	12	20	20	12
ASSETS AND LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	47,529	43,433	33,949	25,134	19,787
Net Fixed Assets	33,090	31,915	24,452	17,038	13,196
Net Current and Other Assets	14,401	12,421	9,596	10,016	7,908
Equity Share Capital	1,308	1,308	1,251	777	681
Preference Share Capital	173	173	173	-	-
Reserves & Surplus (Excluding Revaluation Reserve)	7,622	6,945	6,463	5,299	3,982
Net Worth	8,931	8,253	7,714	6,076	4,663
Deferred Tax Liability	2,193	2,053	1,957	1,841	1,391
Secured Loans	35,406	33,207	23,039	17,682	13,521
Other Long Term Liabilities	2,039	1,758	1,866	1,803	1,744
RATIOS					
Book value Per Share (Rs.)	68.14*	62.97*	61.50*	50.76*	67.78
Earning Per Share (Rs.)	7.29*	3.34*	12.02*	8.10*	5.54

*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 (Up to 24.06.2009)
 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
 Dr. Shri R. Swaminathan, Nominee Director

EXECUTIVES

Shri S.S. Sajal, President
 Shri J.K. Rath, President (Commercial)
 Shri J.K. Jain, Sr.Vice President (Finance & Commerce)
 & Company Secretary
 Shri S.N. Gupta, Senior Vice President (Technical)
 Shri S.S. Kella, Vice President (Audit & Taxation)
 Shri S.R. Jain, Vice President (Engineering)
 Shri Ashok Mishra, Vice President (Technical Worsted)
 Shri Narendra Shetty, Vice President (Surat SEZ Unit)

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
 Fax No. : (02962) 240692

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
 & Madeups)
 Industrial Area, Dohad Road
 BANSWARA - 327001 (Raj.)

Daman Unit (Garment)

1. 98/3, Village Kadaiya
 Nani Daman
 DAMAN - 396 210 (U.T.)
2. 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.



NOTICE

NOTICE is hereby given that 33rd Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Monday the day of 17th August, 2009 at its Registered Office, at 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, 2009 and Profit and 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 A.N. Jariwala who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.B. Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vijay Kumar Agarwal 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. Generation, dealing and distribution of electricity.

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

"RESOLVED THAT pursuant to the provisions of Section 149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956, and the clause III of the Memorandum of Association of the Company, the consent of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any committee / one or more director(s) thereof, for the time being exercising the powers conferred by the Board) to commence and carry on business mentioned in clause No.III (C) 31 of other objects of Memorandum of Association of the company which reads as under:-"

"To carry on business of electrical, engineers, electrician, contractors, manufactures, constructors, suppliers of and dealers in electric and other appliances, electric motors, fans, furnaces, household appliances, batteries, cables, wire, lines, dry cells, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity for the purpose of light, heat, motive power and for all other purposes for which electrical energy can be employed and to manufacture and deal in all apparatus and things required for or capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity including in the terms electricity all power that may be directly or indirectly derived there from or may be incidentally hereafter discovered in dealing with electricity."

"FURTHER RESOLVED THAT the Board or the committee thereof or one or more Director of the Company be and is hereby authorized to take all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to give effect to this resolution."

8. Issue of warrants on preferential basis.

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreements entered into with various Stock Exchanges, guidelines and clarifications issued as well as the rules and regulations made by the Reserve Bank of India, Securities and Exchange Board of India ("SEBI") and any other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions

and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted/to be constituted by the Board for exercising all or any of the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 16,50,000 convertible warrants (hereinafter referred to as "warrants") to persons other than Promoters of the Company (as per the details are set out in the Explanatory Statement) (the "warrant holders"), on preferential allotment basis, on such terms and conditions and in such manner as may be deemed appropriate by the Board, each warrant entitling the holder thereof to apply for and be allotted 1 (one) Equity Share of Rs.10/- each, which shall be converted within a period of 18 months from the date of allotment of the warrants, in one or more tranches, in accordance with the SEBI (DIP) Guidelines and other relevant guidelines as may be applicable, at a price equal to :

- a. The Average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges during the six months preceding the relevant date.

Or

- b. The Average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges during the two weeks preceding the relevant date.

Whichever is higher."

"RESOLVED FURTHER THAT the equity shares issued on conversion of warrants and warrants to be so created, offered and allotted, shall be subject to the provisions of the Memorandum and Articles of Association of the Company."

"RESOLVED FURTHER THAT the "Relevant Date" as per the SEBI (DIP) Guidelines on preferential issue, for the purpose of determination of issue price of the Equity Shares arising upon conversion of the warrants in part or full is 18.07.2009 being the date 30 days prior to the date of this Annual General Meeting."

"RESOLVED FURTHER THAT the Equity Shares resulting from the conversion of warrants, proposed to be issued and allotted as above, shall rank pari passu in all respects including dividend with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to aforesaid resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable or expedient for such purpose and to resolve and settle all questions, difficulties or doubts that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the above mentioned warrants/equity shares resulting from the conversion of such warrants and further to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to finalize and execute all documents, papers, agreements, deeds and writings as may be necessary and desirable as it may deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any other Director(s) or any other officer (s) or employee (s) of the Company or any advisor, consultant as it may consider appropriate in order to give effect to the aforesaid resolution."

Registered Office:

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Place : Mumbai
Dated : 18th July, 2009

By Order of the Board

J. K. JAIN
Sr. Vice President (F&C)
& Company Secretary

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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 8th August, 2009 to 17th August, 2009 (both days inclusive) in connection with the payment of dividend for the financial year 2008-09.
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 22nd August, 2009 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 7th August, 2009.
 - 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 7th August, 2009.
8. Members holding shares in physical form are advised to furnish, on or before 1st August, 2009, 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, 2006-07 and 2007-08. 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. Unpaid dividend for the year 2002-03 will be transferred to the above fund in July, 2010. Please therefore encash the unclaimed dividend before it is transferred to above fund.
10. Company is providing facility of Electronic Clearing Service (ECS) for payment of dividend to shareholders residing in selected

cities. Shareholders holding shares in physical form are requested to provide details of their bank accounts for availing ECS facility in the form attached to the Annual Report. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any in the details furnished earlier may also be communicated to the Company or DP, as the case may be.

11. The documents referred in the notice 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.
12. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers can be made available at the meeting.

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

Item No.7

The Company has put up a coal based thermal power plant of 15/18 MW capacity. Prior to this, the Company had installed Wartsila make furnace oil power plant of 9.70 MW capacity. As the price of furnace oil has come down in the year 2008-09 and the cost of power generation on these Wartsila make power plant has now become economical, The Company started power generation from both the resources.

After meeting the Company's requirement of Power for its production activities, there is surplus electricity which is available for sale.

Object clause III (c) 31 the Other Object of Memorandum of Association of the company allows the Company to carry on the business of manufacturing, supply and dealing in electricity.

Pursuant to the provision of Section 149 (2A) and other applicable provisions of Companies Act, 1956 the approval of members in general meeting is required before commencement of any new business activities set out in the other object clause of the Company. The said new business activity shall be commenced at such time as the Board may deem fit in the best interest of the Company.

None of the Directors of the Company is, in any way concerned or interested in the proposed special resolution. Board of Directors believes that the proposed offer will be in the best interest of the Company and its members. The directors recommend the resolution for approval.

Item No.8

The Company is in need of long term funds to improve its financial ratios by increasing the Net Worth. The funds raised will be utilized to meet long term working capital requirements and other general corporate purpose.

Pursuant to the above, the Company is considering the issue and allotment of 16,50,000 convertible warrants, as mentioned in the resolution contained in the notice.

This issue would provide the warrant-holders the right to receive one Equity Share of face value of Rs.10/- each for one warrant held by them at a price determined as per the pricing formula given in the resolution. Such issue and allotment of warrants to warrant-holders and issue price shall be governed by the

provisions of SEBI (DIP) Guidelines. Not less than 25% of issue price shall be paid by the Warrant Holders forthwith upon allotment thereof and the balance 75% shall be paid at the time of exercising the option to convert warrants into Equity Shares, for such number of warrants in respect of which the warrant holder exercises the conversion option.

The Company's Authorized Capital is adequate for the increase in the Paid-up Capital of the Company pursuant to the issue and allotment of Equity Shares upon conversion of warrants. The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and other applicable provisions. Hence, the resolution as mentioned in the accompanying Notice is proposed.

Disclosures which are required to be given in terms of clause 13.1A of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000:

a) Objects of the issue through preferential offer :

The proceeds from the issue will be used to meet long-term working capital requirements and other general corporate purpose.

b) Intention of the Promoters/ Directors / Key management persons to subscribe to the offer:

None of the promoters/directors/key management persons intend to subscribe to the offer except Shri Vijay Mehta, Director one of his associate company.

c) Shareholding pattern before and after the offer:

The information on shareholding pattern before and after the preferential issue is as follows.

CATEGORY	Pre-Issue Holding		Equity Holding post conversion of warrants	
	No. of Shares	%	No. of Shares	%
1. Promoters Holding	7784397	59.39	7784397	52.75
2. Non Promoters Holding				
A. INSTITUTIONAL INVESTORS				
Insurance Companies & Mutual Funds	5620	0.04	5620	0.04
B. NON INSTITUTIONAL INVESTORS (PUBLIC)				
a. Body Corporate	1244902	9.50	2894902	19.62
b. Individuals				
Individual shareholders holding nominal share capital upto Rs. 1 Lac	2770323	21.14	2770323	18.77
Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	1301119	9.93	1301119	8.82
C. Others	0	0	0	0
TOTAL (2A+B+C)	5321964	40.61	6971964	47.25
GRAND TOTAL (1+2)	13106361	100	14756361	100

Notes :

- These percentages are based on the assumptions that all the warrants issued to the allottees will be converted into equity shares. Further, in case proposed issue of 16,50,000 warrants, results in increase in equity share capital, after conversion, then the total post allotment share capital and proportionate holding of Non Promoters will change to the extent of such conversion. Change in share capital due to any other reason may also impact the aforesaid calculation.

- Allotment of equity shares would not result in any change in control over the Company or the management of the affairs of the company. Any warrants issued as above, that may remain unsubscribed for any reason whatsoever, may be offered by the Board to any person/ entity controlled by the promoter group on same terms and conditions.

d) Proposed time within which the allotment shall be complete:

The warrant shall be allotted within 15 days from the date of Meeting, provided the time for allotment shall be extended by the time taken for obtaining approval for such allotment by any regulatory authority or the Central Government.

e) Identity of the proposed allottees and percentage of post preferential issue capital that may be held by them:

Name of the Proposed Allottee	Pre-Issue Equity Holding	%	Equity Holding post conversion of Warrants	%
PERSONS OTHER THAN PROMOTERS				
Mefcom Capital Markets Limited	199150	1.52	1199150	8.13
Pinky Exhibitors Private Limited			650000	4.40
TOTAL	199150	1.52	1849150	12.53

The Equity Shares allotted to persons other than promoters will be subject to lock in as per SEBI guidelines. The number of warrants to be converted in a financial year will be subject to the applicable limits in force/applicable from time to time under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

The approval of the shareholders is being sought for issue of warrants which are convertible into equity shares, to the persons other than promoters, on a preferential basis pursuant to the provisions of Sections 81(A) of the Companies Act, 1956 and other applicable provisions.

A certificate from the Statutory Auditors of the Company, certifying that the pricing and issue of the above is in accordance with prescribed guidelines on preferential issue, is also available for inspection at the registered office between 10.00 A.M. to 1.00 P.M. on any working day during two weeks before the date of the meeting and at the meeting.

The Special Resolution set out in item no. 8 above may be considered accordingly and the Board of Directors recommends the same for shareholders approval.

Shri Vijay Mehta, Director, may be deemed to be interested in this resolution to the extent of the securities that may be issued to M/s Mefcom Capital Markets Ltd. on the Board of which he is a Director. Save as aforesaid, none of the Directors, is in any way concerned or interested in the proposed special resolution.

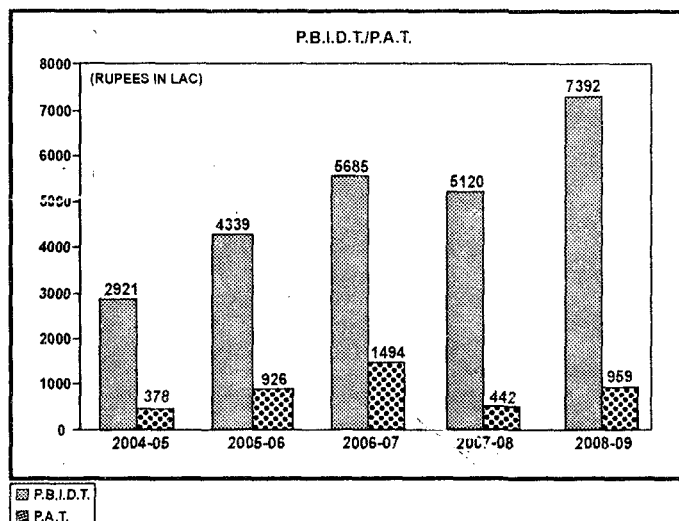
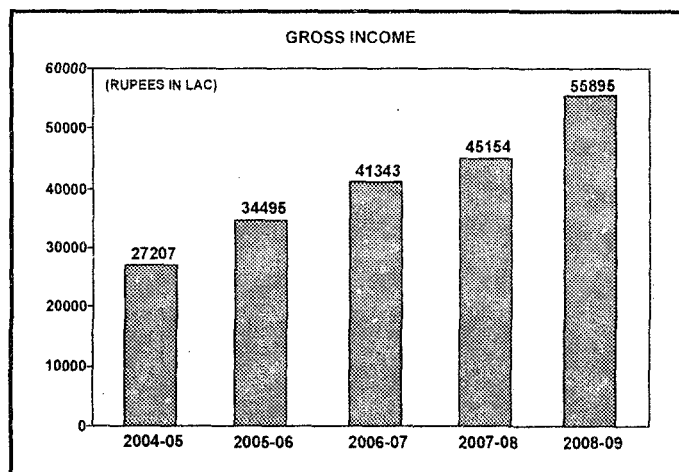
Registered Office:
Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)

By Order of the Board

Place : Mumbai
Dated : 18th July, 2009

J. K. JAIN
Sr. Vice President (F&C)
& Company Secretary

DIRECTOR'S REPORT



Dear Shareholders,

Your Directors are pleased to present the 33rd Annual Report of the company together with the Company's Audited Accounts for the year ended 31st March, 2009.

FINANCIAL REVIEW

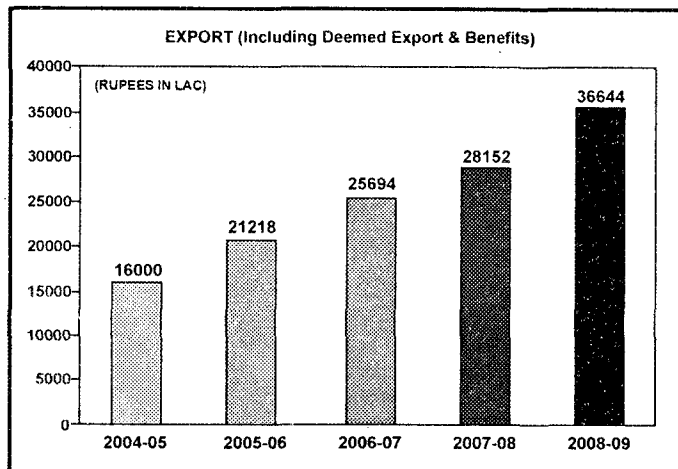
	Rs. in Lacs	
	This year 2008-09	Previous Year 2007-08
Gross Income	55,895	45,154
Net Income	54,894	43,810
Profit before extra-ordinary items, depreciation & tax	4,822	2,747
Profit before depreciation & tax	4,069	2,747
Less: Depreciation	2,939	2,180
Profit before tax	1129	567
Tax on Income	170	125
(a) Fringe Benefit Tax	30	29
(b) Current Tax	128	65
(c) Deferred Tax	140	96
	298	190
Less : MAT Credit Entitlement	128	65
Profit after Tax	959	442
Balance Brought Forward	608	505
Profit available for appropriation	1567	948
Appropriations:		
Proposed Dividend	241	162
Tax on Dividend	40	28
Transfer to General Reserve	750	150
Balance Carried to Balance Sheet	536	608
Earning per share (Rs.) : Basic & Diluted	7.29	3.34

OPERATIONS

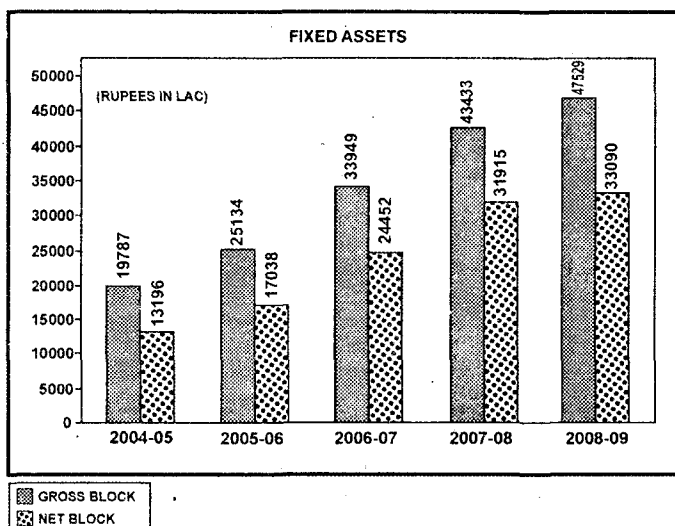
Your Company's performance in production and sales has considerably improved during the Financial Year 2008-09. The production of yarn has improved by 10%, fabric by 28% and garments by 36% as compared to the corresponding period's production during 2007-08. The gross income at Rs. 55,895 lacs during the year, as against Rs. 45,154 lacs during 2007-08 was up by about 24%. The Company increased the sale of fabric and garments, as percentage of gross income, from 44% in 2007-08 to 50% in 2008-09. The Company also started the sale of power to the State Electricity Board through open access and sold 81.55 lac units from January to March, 2009 for Rs.472 lacs.

The profit before extra-ordinary items, depreciation and tax for the year 2008-09 at Rs.4822 lacs was up by 76% as against Rs.2747 lacs during 2007-08. The Company had booked forward sale contract for USD to hedge its export sales; The difference of Rs.753 lacs in USD sale value and its valuation at closing exchange rate on 31st March, 2009, has been charged to revenue account as an exceptional item, however, this provision did not cause any cash out flow during 2008-09.

The profit before tax and net profit for the year 2008-09 worked out to Rs.1129 lacs and Rs.959 lacs up by 99% and 117% respectively over the year 2007-08. The Company has paid Rs.30 lacs as fringe benefit tax and Rs.128 lacs as Income Tax besides providing Rs.140 lacs toward deferred tax liability.



Report

**EXPORTS**

Your Company's performance on export front has improved every year for the last 5 years, during this period, the cumulative growth is 129%. During the year 2008-09, the export turnover of Rs.32,759 lacs, as against Rs.24,479 lacs during 2007-08, recorded an increase of 34%. The Company has emphasized more on value addition and accordingly achieved fabric and garment export of Rs.20,345 lacs as against Rs.13,309 lacs in the previous year. The fabric and garment export increased by 53% and that of yarn increased by 11% over the year.

Turkey the major importer of the Company's yarn has imposed Anti Dumping duty for import of "Yarn of man made staple fibre" into Turkey from India, during the year. This has reduced yarn exports in general, from India to Turkey. The Company, however, is endeavoring to expand its market to make up for the decline in exports to Turkey.

The Company's business with Carreman, France, progressed well during the year. The Company also increased its share in the School uniform business in UK and other European markets. It has also started export of made-ups to European Countries from the Jacquard Plant.

Your Company has attracted new customers of international repute during the year. The Company's marketing, design and development teams participated in the international trade fairs to acquaint with the latest market trends and better understanding of the customers' requirement. The Company has developed a large design studio for fabric and garments to boost the export sales by introducing new designs. It is also making efforts to penetrate the new Customers and new International markets, including Latin America.

DIVIDEND

Your directors are pleased to recommend dividend @ Rs.1.80 per equity share (previous year 12%) on equity shares of Rs. 10/- each of the company. The dividend, if approved by the shareholders, will absorb Rs. 240.65 lacs (previous year Rs.162.17 lacs) besides Rs.40.90 lacs (previous year Rs.27.56 lacs) payable to the Government by way of tax on dividend; this includes the dividend of Rs. 5.19 lacs payable on preferential shares, besides Rs.0.88 lacs tax thereon.

INCREASE IN SHARE CAPITAL

There has been no increase in equity and preference share capital during the year.

EXPANSION, DIVERSIFICATION AND MODERNISATION

During the year, under review the company invested Rs.4626 lacs in fixed assets including capital work-in-progress at Rs.263 lacs as on 31.03.2009, under the ongoing schemes for expansion, diversification and modernisation which have since been completed.

During 2008-09, the company added 284 new Ring Spindles for synthetic spinning, 14400 spindles for worsted spinning, 39 looms and 2 Jacquard Looms besides increase in production capacity at Garment Plants at Surat and Daman and commencement of production and sale of made-ups for export. The made-ups division has been shifted from SEZ - Surat to Banswara. The total production capacity as on

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31st March, 2009 for yarn production is 133588 ring spindles including 14400 spindles for worsted yarn spinning, 575 Air Jet Spindles, 194 shuttleless looms, 12 Air Jet Jacquard looms, 4 Stenters with processing capacity of 30 Million meters per year, besides ready-made garment production capacity of 1.75 lac pieces per month at Daman and Surat.

The term loan requirement for these expansion, diversification and modernisation projects has been met through term loans aggregating Rs. 1,858 lacs under TUF Scheme.

JOINT VENTURE

The Joint Venture company, Carreman Fabrics India Ltd., has a fabric weaving plant of 60 Rapier Looms. Your Company has 50% stake in JV's equity share capital. The JV Company manufactures fabric on job work basis for your Company, the total production during the year 2008-09 being 62.35 lacs meters as against 50.78 lacs meters in the year 2007-08. The JV Company earned net profit of Rs.95.22 lacs during 2008-09 as against Rs. 7.10 lacs in the previous year.

POWER PLANT

During the year, the furnace oil and coal prices remained very much volatile. The Company has re-started production of power on furnace oil based power plants, after considering the commercial viability, and started selling power in the open market from January, 2009. Your Company has been allotted quota for procurement of coal from Indian Coal Mines. It is expected that coal supply from the Indian Coal Mines will start from October, 2009, which will reduce the cost of power generation.

FINANCE

During the year 2008-09, the Company availed term loans aggregating Rs.1858 lacs from Banks and Financial Institutions. It also received increase in need based working capital from all the bankers of the Company.

CONTRIBUTION TO EXCHEQUER

During the year, your Company has contributed Rs.1177 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 had no subsidiary as on 31st March, 2009. 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, The Company has adopted a code of conduct applicable to the members of the Board and senior management. The Company fully Complies with the Corporate Governance practices as enunciated in the Listing Agreements, Corporate Governance Report and Management Discussion & Analysis Report are annexed and marked Annexure-I, which forms part of this report.

PREFERENTIAL ALLOTMENT OF CONVERTIBLE WARRANTS

The Board of Directors of the Company, subject to the approval to be received from the shareholders and such other approvals as may be required, has decided to issue and allot, to persons other than the Promoters, 16,50,000 warrants with the option to convert each warrant into one

equity share of Rs. 10/- each at a price as may be decided in accordance with the SEBI (DIP) Guidelines which shall be converted within a period of 18 months' from the date of allotment of the warrants. The warrants will be converted in one or more tranches.

The proceeds will help the Company improve its financial ratios by increasing net worth.

FIXED DEPOSITS

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposits from public. As on 31st March, 2009, the Company had such deposits aggregating Rs.679.24 lacs. Deposits which matured during the year were either renewed or repaid. All the interest and principal dues are being paid regularly. The Company has duly complied with the provisions of the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

The Board regrets to report about the sad demise of Shri D.S. Alva, Director and Chairman of various Committees, on 25th June 2009. Shri Alva was associated with the Company for almost a decade and had contributed significantly to its growth. The Board deeply mourns the loss of Shri Alva, prays to the God for eternal peace to the departed soul and wishes to place on record its deep appreciation of his invaluable services to the Company.

EXIM Bank withdrew the nomination of Shri P.A. Makwana on 19th June, 2008 and nominated Dr. Shri R.Swaminathan as a member of the Board from the same date. The Board places on record its appreciation of the services rendered by Shri Makwana during his tenure as a member of the Board.

In accordance with the provisions of Articles of Association of the Company, Shri A.N. Jariwala, Shri S.B. Agarwal and Shri Vijay Kumar Agrawal, 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, 2009, the applicable Accounting Standards have been followed and the Notes to the Accounts are self-explanatory.
- II. The Directors have selected such Accounting Policies and applied them consistently and made 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, 2009 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, 2009 on a going concern basis.

AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Board has constituted the Audit Committee which, presently, comprises