FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

TURNOVER AND PROFITS	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover (Including Export)	64,683	55,895	45,154	41,343	34,495
Exports (Including Deemed Exports & Benefits)	41,113	36,644	28,152	25,694	21,218
Profit Before Interest, Depreciation & Tax	10,709	7,698	5,120	5,685	4,339
Interest	3,302	3,629	2,373	1,781	1,437
Profit Before Depreciation & Tax	7,407	4,069	2,747	3,904	2,902
Profit after Depreciation	4,334	1,129	567	2,278	1,571
Tax – Fringe Benefits	-	30	29	23	26
Current (Net of MAT Credit Entitlement)	716	-	-	646	210
Deferred	530	140	96	115	409
Profit after Tax	3,088	959	442	1,494	926
Dividend %	35@	18	12	20	20
ASSETS AND LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	53,517	47,529	43,433	33,949	25,134
Net Fixed Assets	36,255	33,090	31,915	24,452	17,038
Net Current and Other Assets	21,747	14,401	12,421	9,596	10,016
Equity Share Capital	1,308	1,308	1,308	1,251	777
Preference Share Capital	173	173	173	173	-
Reserves & Surplus (Excluding Revaluation Reserve)	10,131	7,622	6,945	6,463	5,299
Net Worth	11,439	8,931	8,253	7,714	6,076
Deferred Tax Liability	2,723	2,193	2,053	1,957	1,841
Secured Loans	42,424	35,406	33,207	23,039	17,682
Other Long Term Liabilities	2,444	2,039	1,758	1,866	1,803
RATIOS					
Book Value Per Share (Rs.)	87.45*	68.14*	62.97*	61.50*	50.76*
Earning Per Share (Rs.)					
- Basic	23.56*	7.29*	3.34*	12.02*	8.10*
- Diluted	20.92*	7.29*	3.34*	11.39*	7.48*

@ Includes Interim dividend @ 15% .
* Calculated after giving effect of issue of Bonus Shares during 2006-07.

COMPANY INFORMATIONS

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 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. Rathi, President (Commercial)
Shri J.K. Jain, Sr.Vice President (Finance & Commerce) & Company Secretary
Shri S.N. Gupta, Senior Vice President (Technical)
Shri S.S. Kella, Vice President (Audit & Taxation)
Shri S.R. Jain, Vice President (Engineering)
Shri Ashok Mishra, Vice President (Technical Worsted)

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.com
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 –327 001(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.)

3. Survey No. 722/9
   Village Dabhel , Nani Daman
   Dist.DAMAN –396 210 (U.T.)

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

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 34th Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Wednesday the day of 11th August, 2010 at its Registered Office at Industrial Area, Dohad Road, Banswara (Raj.) at 3.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare final dividend on equity shares and also dividend on preference shares.
3. To appoint a Director in place of Shri Kamal Kishore Kacholia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vijay Mehta who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P. Kumar 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 Shaleen Toshniwal as Whole-time Director.

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

   "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act,1956 (including any statutory modification(s) or re-enactment(s) thereof and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shaleen Toshniwal as Whole-time Director of the Company for a further period of 3 years from 1st October, 2010 to 30th September, 2013 on terms and conditions, including remuneration, as set out below:

   (i) Salary : Rs.3,00,000 per month basic salary, which shall be increased every year on 1st April by Rs.25,000 in the scale of Rs.3,00,000-25,000 – 3,75,000.

   (ii) Commission : 1% commission on the net profit of the Company from 1st April, 2010 onward, 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, another 1% commission to Shri Ravi Toshniwal, Jt. Managing Director and further 1% commission to Shri Rakesh Mehra, Whole-time 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 / Mediclaim Insurance : Reimbursement of expenses actually incurred, for self and family; the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years. However, only those expenses will be reimbursed which have not been reimbursed in the Mediclaim insurance policy, if any taken by the Company from time to time.

(c) Leave Travel Concession : For self and family once in a year; the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.

(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.10,000/- per annum.

(f) Servant allowance : Not exceeding Rs.60,000 per annum.

PART – B

In addition to the perquisites, Shri Shaleen Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified under the Companies Act, 1956.

(a) Provident Fund : The Company's contribution to Provident Fund as per the Rules of the Company.

(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 Shaleen 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 Shaleen Toshniwal for attending the Meetings of Board of Directors or any Committee thereof. He shall be liable to retire by rotation.

(iv) Wherein any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid

to Shri Shaleen Toshniwal subject to the applicable provisions of Schedule XIII of the said Act.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of 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 Shaleen 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 R.L. Toshniwal, Chairman & Managing Director, Shri Ravi Toshniwal, Joint Managing Director, Shri Rakesh Mehra, Whole-time Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and are hereby individually authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

8. Increase in Authorized Share Capital of the Company and alteration in the Memorandum of Association.

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

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, authorized share capital of the Company be and is hereby increased from Rs.25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, ranking pari passu with the existing equity shares of the Company for the purpose of issue of shares upon such terms and conditions and such rights and privileges attached thereto as the Board may determine.

"RESOLVED FURTHER THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of Memorandum of Association of the Company relating to the share capital be and is hereby altered by deleting the existing Clause and by substituting the following Clause V:

V: The Authorized Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, with power to Board of Directors to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividend, voting right or otherwise as the regulations of the Company as originally framed or altered by special resolution from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in the best interest of the Company for giving effect to the aforesaid resolution."

9. Increase in Authorized Share Capital of the Company and alteration in the Articles of Association.

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the existing Article 4 of the Articles of Association of the Company relating to the share capital be and is hereby altered by deleting the same and substituting the following new Article 4: -

4 :The Authorized Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, with power to Board of Directors to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividend, voting right or otherwise as the regulations of the Company as originally framed or altered by special resolution from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in the best interest of the Company for giving effect to the aforesaid resolution."

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

By Order of the Board

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

Place : Mumbai
Date : 26th May, 2010

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 7th August, 2010 to 11th August, 2010 (both days inclusive) in connection with the payment of final dividend for the financial year 2009-10.
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 August, 2010 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 6th August, 2010.

   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 6th August, 2010.
8. Members holding shares in physical form are advised to furnish, on or before 26th July, 2010, 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 years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. It has also declared interim dividend for the year 2009-10. 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, 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. The Company is providing facility of Electronic Clearing Services (ECS) for payment of dividend to shareholders residing in selected Cities. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility in the form being forwarded with the Annual Report. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.
11. The documents referred to in the proposed resolutions are available for inspection at the Registered office of the Company during working hours between 10.00 A.M. and 1.00 P.M. except on holidays.
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

Shri Shaleen Toshniwal, aged 33 years, is B.Sc. (Management) from U.S.A and has over 6 years experience in the field of textile industry. He is holding the post of Whole-time Director in the Company for the last 4 years. He is looking after the entire activities of Readymade garment units at Daman and Surat. His remuneration is basic salary of Rs.2,00,000 in the scale of Rs.2,00,000 – 25,000 – 2,75,000/- 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 Shaleen Toshniwal as recommended by the Remuneration Committee and approved by the Board 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 Shaleen 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 Shaleen Toshniwal is looking after the entire activities of Daman and Surat plants of the Company including production, exports and HRD functions.

Considering his skill, the Board is of the opinion that the services of Shri Shaleen Toshniwal as Whole-time Director are required to be availed for overall growth and development of the garment business and the Company as well.

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 with his dedicated services.

c) Pecuniary relationship with the Company and other managerial persons in the Company

Shri Shaleen Toshniwal does not have any pecuniary relationship with the Company except the managerial remuneration drawn by him. He is Son of Shri R.L. Toshniwal, Chairman & Managing Director, Brother of Shri Ravi Toshniwal, Jt. Managing Director and Brother-in-law of Shri Rakesh Mehra, Whole-time Director of the Company. Except this relationship and the remuneration proposed to be paid to Shri Shaleen Toshniwal, he does not have any pecuniary relationship with the Company or any other managerial person in the Company.

Shri Shaleen Toshniwal holds 1130913 Equity Shares of Rs.10/- each in the Company, as on date of this Notice.

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

This should be considered as an abstract of the terms of re-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.

The Directors commend the above resolution for approval by shareholders.

Item No. 8 & 9

In view of the Company's proposal to expand its business activities, it is considered desirable to augment long term resources and to increase the capital inflow, which will help the Company to expand its capacity by modernizing its plant and machinery and diversifying its activities from time to time. Accordingly, it is proposed to increase the existing Authorised Share Capital of the Company from Rs.25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each to Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each.

Pursuant to the provisions of Sections 16, 31 and 94 of the Companies Act, 1956, any proposal to increase the Authorised Share Capital requires the approval of members of the Company. Consequent to the increase in the Authorised Share Capital, it is necessary to alter the Capital Clause of the Memorandum of Association and the Articles of Association of the Company. The Ordinary Resolution in Item No. 8 and the Special Resolution in Item No. 9 seeks to make corresponding alterations in Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company to give effect to the above.

None of the Directors are interested in the aforesaid resolutions except to the extent of shares that may be allotted to them in future.

The Directors commend the passing of the above Resolutions.

The copy of current and proposed Memorandum of Association and Articles of Association is available for inspection at the Registered office of the Company during its working hours on all working days.

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

By Order of the Board

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

Place : Mumbai
Date : 26th May, 2010

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 34th Annual Report of the Company together with its Audited Accounts for the year ended 31st March, 2010.

FINANCIAL REVIEW

(Rs. in Lacs)

	This year 2009-2010	Previous year 2008-2009
Gross Income	64,683	55,895
Net Income	63,097	54,894
Profit before extra-ordinary items, depreciation & tax	6,799	4,822
Profit before depreciation & tax	7,407	4,069
Less: Depreciation	3,073	2,939
Profit before tax	4,334	1,129
Tax on Income	1,246	170
(a) Current Tax	736	128
(b) Deferred Tax	530	140
(c) Fringe Benefit Tax	-	30
	1,266	298
Less : MAT Credit Entitlement	20	128
Profit after Tax	3,088	959
Balance brought forward	536	608
Profit available for appropriation	3,623	1,567
Appropriations :		
Interim Dividend and Tax thereon (paid during the year)	230	-
Proposed Final Dividend	300	241
Tax on Dividend	50	41
Transfer to General Reserve	2,000	750
Balance Carried to Balance Sheet	1,044	536
Earning Per Share (Rs) : Basic	23.56	7.29
Diluted	20.92	7.29

OPERATIONS

During the year 2009-10, your Company's performance realed new heights, both in terms of gross income and profitability. The net income from operations during the year at Rs.631 crores went up by 15% over Rs.549 crores achieved in 2008-09. The production of yarn increased by 11%, fabrics by 15% and garments by 45%. The Company also started production of technical fabrics during the year. There is good scope for further increase in production all along the value chain.

Profit before depreciation and tax for the year 2009-10 at Rs.7,407 lacs recorded in impressive growth of 82% over Rs.4,069 lacs of 2008-09. The profit before tax and net profit for the year worked out to Rs.4,334 lacs and Rs.3,088 lacs, i.e. up by 284% and 222% respectively over the previous year. The Company has paid Rs.736 lacs as income tax besides providing Rs.530 lacs as deferred tax liability for the year under report.

The basic and diluted Earning Per Share (EPS) for the year 2009-10 works out to an all time high of Rs.23.56 and Rs.20.92 respectively.

EXPORTS

During the year 2009-10, the export turnover at Rs.36,674 lacs as against Rs.32,759 lacs during 2008-09, recorded an increase of 12% mainly due to increase of 15% in yarn exports. The Company has increased production and export of readymade garments and as such the export growth in garments was more than 48% over the year 2008-09.

During the year under report, your Company added few more important customers of world repute. The Company's marketing as well as, design and development teams participated in the international trade fairs to acquaint themselves with the latest market trends and acquire better understanding of the customers requirements. The Company has developed a design studio for fabrics and garments to boost the export sales by introducing new designs. It is continuously making efforts to attract the new customers domestically and internationally.

DIVIDEND

The Company has already paid interim dividend of Rs.1.50 per equity share in January, 2010. Your Directors are now pleased to recommend final dividend of Rs.2.00 per equity share. Thus, the total dividend is Rs.3.50 per equity share (previous year- Rs.1.80 per equity share) of Rs.10/- each of the Company. The dividend payout for the year would aggregate Rs.490.85 lacs besides dividend tax of Rs.82.29 lacs. The Company has also paid 3% dividend on preference shares.

INCREASE IN SHARE CAPITAL

During the year 2009-10, the Company issued 16,50,000 warrants on preferential basis to persons other than promoters @ Rs.41 per warrant based on the prevailing rules and regulations.

The Board of Directors, in its meeting held on 27th April, 2010 has converted these warrants into an equal number of equity shares, as per the terms of issue of these warrants. Accordingly, the equity share capital of the Company has increased to 1,47,56,361 equity shares of Rs.10/- each.

EXPANSION, DIVERSIFICATION AND MODERNIZATION

During the year under review, the Company has added fixed assets of Rs.4,585 lacs besides-the-capital work-in-progress of Rs.828 lacs and advances to capital goods suppliers of Rs.1,622 lacs as at 31.03.10. These expenses were incurred on expansion, diversification and modernization of all the areas of its operations viz. spinning, weaving, finishing and readymade garments.

The Company has made investment of Rs.2,280 lacs in spinning for modernization and replacement of spindles, Rs.447 lacs on fabric weaving for replacing 20 looms, and Rs.951 lacs on fabric processing facility adding various value adding machines suitable for technical fabrics and increase in the processing capacity by about one million meter a month besides Rs.907 lacs in readymade garments division for 4 additional lines for trousers and 1 line for production of Jackets at Daman and Surat.

The total production capacity of the Company as at 31st March, 2010 for yarn production is 133588 ring spindles, including 14400 spindles for worsted yarn spinning, 576 air jet spindles, 190 shuttleless looms, 12 air jet jacquard looms, 5 stenters with processing capacity of 4 million meters a month

and 2.50 lac pieces of garments per month.

The Company has arranged the requisite funds for the expansion, diversification and modernization schemes through term loans from banks and financial institutions as well as ploughing back of internal accruals of the Company. The term loans availed during the year aggregate Rs.3,541 lacs out of which Rs.2,964 lacs were under TUFS.

The Company's ongoing expansion plan i.e. 2 nd unit of captive Thermal Power Plant of 15/18 MW capacity and increase in production capacities in all the areas of its operations is under implementation. Further capital outlay expected during 2010-11 is Rs.90 crores. The means of financing the same have been fully tied up.

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 2009-10 being 65.65 lac meters as against 62.35 lac meters in the year 2008-09. The JV Company earned net profit of Rs.46.87 lac during 2009-10 as against Rs.95.22 lac in the previous year; the shortfall in profitability is attributed to increasing power maintenance and employees cost.

POWER PLANT

The 1 st unit of captive Thermal Power Plant of 15/18 MW capacity is working satisfactorily. The Company's power requirement has increased on account of expansion of capacity of various division at Banswara over the years. The Company is in the process of installation of 2 nd unit of coal based Thermal Power Plant of the same capacity, which is expected to become operational in the last quarter of the current financial year, 2010-11. The Company has also signed a fuel supply agreement for purchase of coal from South Eastern Coalfields Ltd. The availability of Indian Coal at Government supply rates will reduce the cost of power generation. The Government coal supply is expected to commence from June/July, 2010.

FINANCE

During the year 2009-10, the Company availed term loans aggregating Rs.3,541 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 contributed Rs.2,478 lacs to the Government Exchequer by way of Excise Duty, Service Tax, Value Added Tax (VAT), Income Tax, Dividend Distribution Tax and other payments.

SUBSIDIARY COMPANY

The Company did not have any subsidiary as on 31st March, 2010. However, it has 50% stake in equity capital of Carreman Fabrics India Ltd., a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

FIXED DEPOSITS

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposits from public. As on 31st March, 2010, the Company had such deposits aggregating Rs.743.17 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

Appointment of Shri Shaleen Toshniwal as a Whole-time Director is expiring on 30th September, 2010. The Board of Directors, in its meeting held on 27th April, 2010 has re-appointed Shri Shaleen Toshniwal as Whole-time Director for further period of 3 years from 1st October, 2010 to 30th September, 2013. Necessary resolution for appointment of Shri Shaleen Toshniwal shall be placed before the shareholders at the forthcoming Annual General Meeting for their approval.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

I. In the preparation of the annual accounts for the year ended 31st March, 2010 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 at 31st March, 2010 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 31st March, 2010 on a going concern basis.

AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Board has constituted the Audit Committee which presently comprises three independent Directors viz. Shri P. Kumar, (Chairman), Shri

Kamal Kishore Kacholia and Shri S.B. Agarwal as members.

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

AUDITORS

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

AUDITORS' REPORT

As regards Auditors' 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.23.44 lacs and disputed liabilities of Rs.11.75 lacs towards the excise duty and Rs.403.61 lacs towards entry tax. While the matter pertaining to Excise duty refunds taken by the Company are under appeal with Joint Secretary, Govt. of India, Service Tax demand with CESTAT, New Delhi and Entry Tax is pending with Hon'ble High Court, Rajasthan.

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

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

DEMATERIALIZATION OF SHARES

In pursuance of SEBI / Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 95.60% shares have been converted into demat form up to 31st March, 2010. The stock code number in NSDL and CDSL for equity shares of the Company is ISIN – INE 629 D01012.

PARTICULARS OF EMPLOYEES

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board
Place : Mumbai
Date : 26th May, 2010
R.L. TOSHNIWAL
Chairman & Managing Director

ANNEXURE -I TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to the best governance practices and their adherence in the true spirit at all times. The Company is committed to maintain the highest level of transparency, accountability and equity in its operation. It firmly believes that Corporate Governance is about the management and conduct of an organization based on ethical business principles and commitment to values. It is intended to ensure attractive returns to all stakeholders of the business based on the belief that sound Corporate Governance is pre-requisite to sustain, strengthen and enhance the investors' trust. Corporate Governance is a set of principles, processes and systems to be followed by the directors, executives and all employees of the Company for enhancement of shareholders' value while complying with the provisions of law in all dealings with Government, customers, suppliers, employees and other stakeholders.

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

II. BOARD OF DIRECTORS

The Board of Directors of Banswara Syntex Limited is a balanced one with an optimum mix of Executive and Non-Executive Directors. The present 12 members Board of the Company includes one Managing Director and three Whole-time Directors, all from the promoter group, and eight Non-executive Independent Directors, including a Nominee Director of EXIM Bank. Thus, constituted 2/3rd of the Board's strength 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 and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and accountability.

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

(a) Managing /Whole-time Directors - Remuneration as per their terms of appointment and reimbursement of expenses actually incurred for the business of the Company, within the approved terms and conditions.

(b) Non-executive Independent Directors - Reimbursement of expenses and payment of sitting fees for the Board/ Committee meetings attended by them.

Eight Board meetings were held during the year 2009-10 i.e. on 30th April, 2009, 29th May, 2009, 18th July, 2009, 30th July, 2009, 29th August, 2009, 31st October, 2009, 5th January, 2010 and 19th January, 2010. The frequency and quorum etc. at these meetings were in conformity with the provisions of the Companies Act, 1956. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct as on 31st March, 2010.

A. Composition of the Board of Directors as on 31.03.2010 and attendance at the Board/ Committees meetings during the year:

Name of the Directors	Attendance at last AGM	No. of Board meetings attended	Category of Director	No. of directorship in other Public Limited Companies	No. of other Board Committees of which Member / Chairman
Shri R. L. Toshniwal	Yes	8	ED	3	1
Shri Ravi Toshniwal	Yes	7	ED	2	-
Shri Rakesh Mehra	Yes	8	ED	1	-
Shri Shaleen Toshniwal	No	7	ED	-	-
Shri D.S. Alva*	No	Nil	NEID	2	-
Shri P. Kumar	Yes	8	NEID	1	4
Shri A.N. Jariwala	No	4	NEID	2	1
Shri Kamal Kishore Kacholia	No	7	NEID	1	-
Shri Vijay Mehta	No	6	NEID	5	-
Shri D.P. Garg	No	4	NEID	1	-
Shri S.B. Agarwal	No	6	NEID	3	5
Shri Vijay Kumar Agarwal	No	4	NEID	2	-
Dr. Shri R. Swaminathan (Nominee Director of EXIM Bank)	No	7	NEID	1	-

ED- Executive Director, NEID- Non Executive Independent Director

* Up to 24.06.2009-expired on 25.06.2009

B. Board Procedure

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

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

- Annual operating and capital expenditure budgets and periodical review thereof.
- Investment/expansion/modernization/diversification plans of the Company.
- Overall strategy and business plans.
- Approval of quarterly/half-yearly/annual results (after review by Audit Committee).
- Compliance with statutory/regulatory requirements and review of major pending legal cases.
- Foreign exchange exposure and risks.
- Major accounting practices, provisions and write-offs.
- Transactions pertaining to acquisition/disposal of fixed assets and related parties.
- Review of working of various Committees of the Board.
- Issues regarding mergers and amalgamations, joint ventures, collaborations, etc. with any other Company/entity.