

36TH ANNUAL REPORT

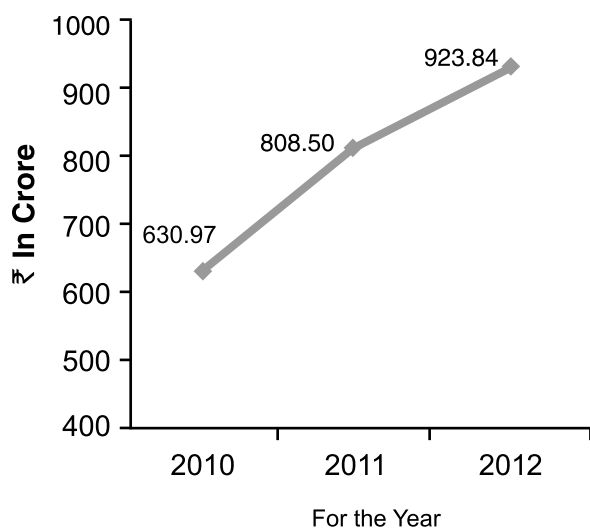
2011-2012



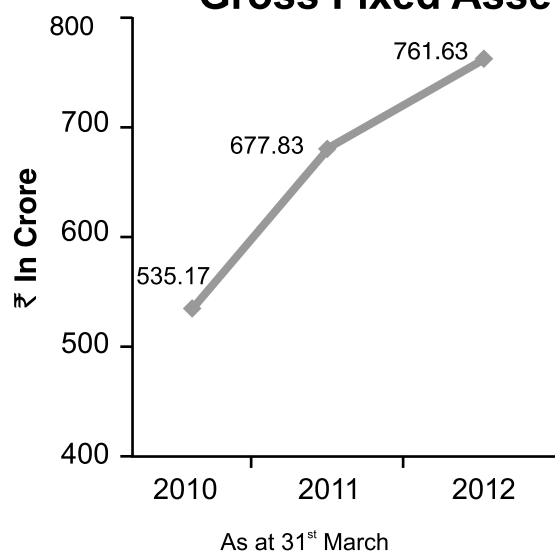
BANSWARA SYNTEX LIMITED

ANNUAL REPORT 2011-12

Total Income



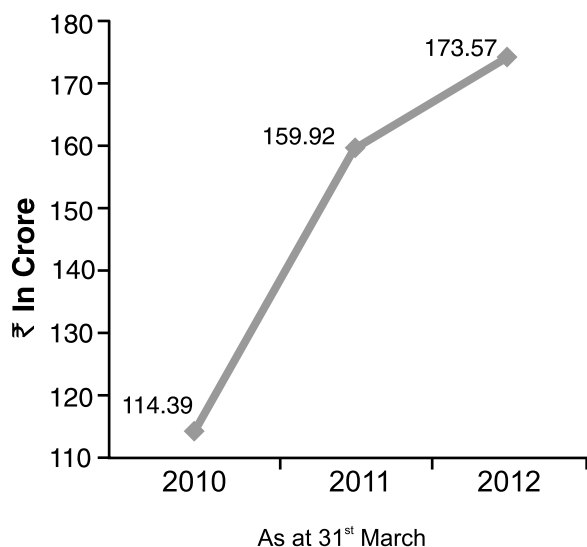
Gross Fixed Assets



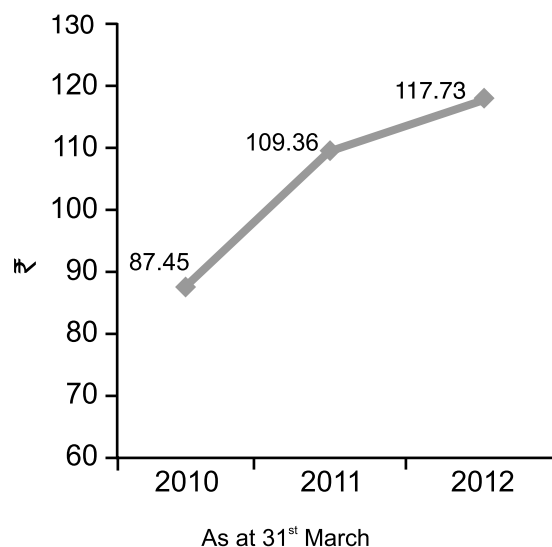
KEY HIGHLIGHTS OF 2011-12

- Total Income increased by 14.27%
- Basic EPS ₹ 10.06
- Book Value of Shares ₹ 117.73 per share.
- Net Worth ₹ 174 Cr.
- Net Worth and DTL ₹ 206 Cr.
- Dividend 15%

Net Worth



Book Value Per Share



COMPANY INFORMATION

BOARD OF DIRECTORS

Shri R.L. Toshniwal, Chairman
Shri Ravindra Kumar Toshniwal, Managing Director
Shri Rakesh Mehra, Vice Chairman
Shri Shaleen Toshniwal, Jt. Managing Director
Shri P. Kumar
Shri D.P. Garg
Shri S.B. Agarwal
Shri Vijay Kumar Agarwal
Shri P.K. Bhandari
Shri Kamal Kishore Kacholia
Shri Vijay Mehta
Shri A.N. Jariwala
Shri C.P. Ravindranath, 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)
Shri Nailesh Joshi, Vice President (Technical Surat SEZ Unit)
Shri Prashant Joshi, Vice President (Processing)
Shri D.K. Menariya, Vice President (Personnel)
Shri Basant Kala, Vice President (Finance & Accounts)

AUDITORS

M/s. Kalani & Company, Chartered Accountants
Mangal Marg
Bapu Nagar
JAIPUR 302 004 (Raj.)

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,
Fort, MUMBAI-400 001
Email: helpdesk@computechsharecap.com
Website: www.computechsharecap.in
Phone No. (022)-22635000, 22635001
Fax : (022) - 22635005

OFFICES

REGISTERED OFFICE

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
E-mail : secbsw@banswarafabrics.com
website : www.banswarasyntex.com
Phone No. (02962) 257676, 257677, 257679-681
240690, 240691
Fax No. (02962) 240692

HEAD/MARKETING OFFICE

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

DELHI OFFICE

1E/5, Ground Floor
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)

- 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)
- 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 36th Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Saturday, the day of 11th August, 2012 at 3.30 p.m. at its Registered Office at Industrial Area, Dohad Road, Banswara (Raj.) to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012, statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- To declare Dividend on Equity Shares for the year 2011-12.
- To declare dividend on Preference shares for the year 2011-12.
- To appoint a Director in place of Shri Vijay Kumar Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Kamal Kishore Kacholia who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Vijay Mehta who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

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

By order of the Board

J.K. JAIN
Sr. Vice President (Fin. & Com.)
& Company Secretary

Place : Mumbai
Date : 21st May, 2012

NOTES:

1. 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, signed and must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. M/s Computech Sharecap Limited is the Registrar and Share Transfer Agents (RTA) for physical shares and is also the depository interface of the Company with both CDSL and NSDL.
3. The Register of Members and Shares Transfer Books of the Company shall remain closed from 4th August, 2012 to 11th August, 2012 (both days inclusive) in connection with the payment of dividend for the financial year 2011-12.
4. Shareholders are requested to immediately notify, to the Company, any change in their address.
5. Keeping in view of the new provision of Ministry of Corporate Affairs (MCA), Government of India, the Company may send various notices/documents to its members through electronic mode to the registered e-mail addresses of the shareholders. In view of this, the shareholders are requested to provide their e-mail IDs to the Company duly mentioning their Folio No., Name and number of shares held as on date. This can also be sent by electronic mode to the Company at following e-mail IDs of the Company and/or its RTA.
a) secbsw@banswarafabrics.com
b) helpdesk@computechsharecap.com
6. The shareholders, who have not converted their shares into demat form, are requested to do so, in their own interest.
7. Payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 16th August, 2012 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 3rd August, 2012.

- 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 3rd August, 2012.

8. Members holding shares in physical form are advised to furnish, on or before 23rd July, 2012, 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 dividends for the years 2004-05 to 2010-11. It has also declared interim dividends for the years 2009-10 and 2010-11. 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 getting 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 2004-05 will be transferred to the above fund in October, 2012. 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 10.00A.M. and 1.00 P.M. except on holidays.
12. Queries if any, 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.
13. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting's venue.
14. Members holding shares in physical form can avail the nomination facility by filing Form 2B (in duplicate) with the Company's Registrar and Share Transfer Agents which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DP. Members holding shares in dematerialized form may contact their DP for recording nomination in respect of their equity shares.
15. As required under Clause 49(IV)G of the Listing Agreements with the Stock Exchanges, the relevant details of Directors retiring by rotation and seeking reappointment at the ensuing AGM are furnished in the Corporate Governance section of this Annual Report.
16. Members are requested to bring their copies of the Annual Report to the meeting.
17. The Company has designated two exclusive email IDs viz. secbsw@banswarafabrics.com and helpdesk@computechsharecap.com to enable investors to register their complaints/queries, if any.

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

By order of the Board

J.K. JAIN

Place : Mumbai
Date : 21st May, 2012

Sr. Vice President (Fin. & Com.)
& Company Secretary

ANNUAL REPORT 2011-12

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 36th Annual Report of the Company together with its Audited Accounts for the year ended 31st March, 2012.

FINANCIAL REVIEW

The financial performance of the Company for the year ended 31st March, 2012 is summarized below.

	(₹ in Lacs)	
	This year 2011-12	Previous year 2010-11
Gross Income	96,728	83,805
Net Income	92,384	80,850
Profit before Interest, extra-ordinary items, depreciation & tax	13,561	13,899
Profit before extra-ordinary items, depreciation & tax	6,041	9,509
Profit before depreciation & tax	6,041	9,653
Less: Depreciation	4,311	3,402
Profit before tax	1,730	6,251
Tax on Income	241	1,558
(a) Current Tax	-	1,264
(Net of MAT Credit of ₹ 349.34 lacs) (Previous Year ₹ 35.71 lacs)		
(b) Deferred Tax	241	294
Profit after Tax	1,489	4,693
Dividend on Equity and Preference Shares	226	788
Tax on Dividend	37	72
Earning per share (Rs) : Basic	10.06	32.05
Diluted	10.06	31.79

₹ 1500 Lacs (Previous Year ₹ 3500 Lacs) have been transferred to General Reserve out of Surplus

OPERATIONS

During the year 2011-12, the production of Synthetic yarn increased to 279 lac Kgs, up by 2% and that of worsted yarn increased to 14.02 lac Kgs, up by 16%. Production of garment increased by 7% to 21.93 lac pieces. During the year the Company produced more of value added fabrics and technical textiles. However, the overall production of fabric at 311 lac meters was down by 4%. Over the previous year the Company has started production of shirting fabric also.

During the year the Company's net income from operations at ₹924 crore recorded growth of 14% over ₹ 809 crore in 2010-11. The Company's turnover in value for yarn increased by 13%, fabric by 14% and garments by 29%. This confirms the Company's thrust on value-added fabrics and readymade garments.

During the year, the textile industry faced global recession and the Indian currency witnessed sharp fluctuations in its valuation against US Dollars. The finance cost during the year also increased substantially. The profit before interest, depreciation and tax for F.Y. 2011-12 was ₹136 crore as against ₹139 crore

in 2010-11. The profit before depreciation and tax has been ₹60 crore as against previous year's ₹ 97 crore. The reduction is mainly attributed to the additional finance cost. In the wake of higher quantum and increase in interest rate on borrowings besides withdrawal of subvention. The net profit after tax at ₹14.89 crore is almost one third of ₹46.93 crore for 2010-11. The Company has paid ₹ 349 lacs, (Previous Year ₹ 1,300 lacs) as income tax besides providing ₹241 lacs as deferred tax liability for the year under report.

The basic and diluted earnings for the year 2011-12 works out to ₹ 10.06 per share as against previous year's EPS at ₹ 32.05 and ₹31.79 respectively.

EXPORTS

During the year, the export turnover excluding export benefits was at ₹ 472 crores as against ₹ 461 crores during 2010-11, up by about 2.37%. The growth took place in all the 3 segments of yarn, fabric and garments. The export performance of the Company was adversely affected by the sharp fluctuations in exchange rate of Indian rupee against US Dollar.

During the year under report, the Company's marketing as well as design and development teams collected the feed-back in the international market by participation in the international trade fairs, meetings with the customers, etc. The Company has added few more new customers World wide. Its design studio for fabric and garments helped the Company to penetrate in the new areas/customers domestically and internationally.

DIVIDEND

Your Directors now pleased to recommend dividend of ₹1.50 per equity share against the previous year's total dividend of ₹5/- per equity share of ₹10/- each. The total dividend payout for the year will absorb ₹221 lacs (Previous Year ₹733.45 lacs) besides ₹36.71 lacs by way of tax on dividend. The Company is also to pay 3% dividend on preference shares.

INCREASE IN AUTHORIZED SHARE CAPITAL

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

EXPANSION, DIVERSIFICATION AND MODERNIZATION

During the year the Company has invested ₹82.64 crore for acquisition of fixed assets, besides the capital-work-in progress at ₹25.67 crore and advances to the capital goods' suppliers at ₹7.76 crore as at 31st March, 2012. Capacity expansion has taken place in all the areas of operations. The ring spinning capacity increased by 2004 spindles, besides addition of 112 looms in weaving section; one mercerizing machine and one Raising machine have been installed in finishing house and one line each has been added for production of Trousers and Jackets. The Company discarded/sold 4908 spindles, 144 Airjet spindles and 12 looms during the year.

The total production capacity of the Company as at 31st March, 2012 for yarn production is 143416 ring spindles including

14400 spindles for worsted yarn spinning, 592 Air Jet spindles, 340 shuttle less looms, 28 Air Jet jacquard looms, 7 stenters with processing capacity of 5 million meters a month and 2.95 lac pieces of garments per month.

The Company has plans to invest about ₹34 crore for expansion and modernization of the plant during the year 2012-13. This would add 8256 ring spindles, 6720 worsted spindles, 30 looms and some yarn dyeing machines to increase yarn dying capacity by 2 MT per day.

JOINT VENTURE

Carreman Fabrics India Ltd. the Joint Venture (JV) Company has a weaving unit having installed capacity of 60 Rapier Looms of its own alongwith 17 additionally installed looms of your Company in its premises. Your Company has 50% stake in JV's equity share capital with an equal stake of Carreman, France.

During the year 2011-12, JV Company produced 62.77 lacs meters of gray fabric as against 64.83 lacs meters in the previous year. The net profit during the year 2011-12 increased to ₹29.21 lacs as against ₹24.13 lacs up by 21%.

Your Company, as a measure of further diversification of business, has entered into another Joint Venture agreement with Treves S.A., France with 50:50 partnership and incorporated a Special Purpose Vehicle (SPV) to be known as "Treves Banswara Pvt. Ltd." The JV Company will produce laminated knitted and woven textiles for internal furnishing of trains, buses and other automobiles.

POWER PLANT

The Company's two units of Captive Thermal Power Plant of 33 MW capacity are working satisfactorily. The Company is mainly consuming imported Coal for these power plants. It has also signed a fuel supply agreement with South Eastern Coalfields Limited (SECL) for purchase of Indian Coal. The Company has also purchased lignite from Rajasthan State Mines and Minerals Corporation Limited (RSMML) and GMDC, Gujarat. The purchase of this coal has reduced the cost of power generation. The Company's application for sanction of Government Coal Quota for 2nd Unit of its power plant is under consideration with Ministry of Coal/Power.

FINANCE

During the year 2011-12, the Company availed Term Loans aggregating ₹63.28 crore from Banks and Financial Institutions. The Company has applied for additional term loan of ₹19.20 crore from IDBI Bank to part finance its expansion-cum- modernization project of ₹34 crore.

The Company's bankers have provided the need base increased working capital limits during the year.

CONTRIBUTION TO EXCHEQUER

During the year, your Company contributed ₹5,810.73 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, 2012. However, it has 50% stake in equity capital of Carreman Fabrics India Ltd. and Treves Banswara Pvt. Ltd., Joint Venture Companies with Carreman and Treves S.A., both of 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 which is 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, 2012, the Company had such deposits aggregating ₹939.95 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

Export Import Bank of India (EXIM Bank) has withdrawn the nomination of Dr. R. Swaminathan from the Board of the Company from 18.04.2012 and, in his place, nominated Shri C.P. Ravindranath as their Nominee Director on the Board of Directors of the Company. The Board wishes to place on record its deep appreciation of the contribution made by Dr. Swaminathan during the deliberations in Board meetings.

In accordance with the provisions of Articles of Association of the Company, Shri Vijay Kumar Agarwal, Shri Kamal Kishore Kacholia and Shri Vijay Mehta 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 March 31, 2012, 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 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 at 31st March, 2012 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, 2012 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 comprised as at 31.03.2012, 3(three) Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S.B. Agarwal as members. Shri Ravindra Kumar Toshniwal, Managing Director has been included into the committee w.e.f. 21st May, 2012.

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

Statutory Auditor

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 limits prescribed under Section 224(1-B) of the Companies Act, 1956.

Cost Auditor

The Central Government has approved the appointment of the K.G. Goyal & Company, Cost Auditors for conducting Cost Audit for the financial year 2011-12.

The Cost Audit Report for the year 2011-12 shall become due for filing on 27th September, 2012. The audit work is under process.

K.G. Goyal & Company, Cost Accountants, Jaipur, have been appointed as Cost Auditors of the Company for the financial year 2012-13. They have furnished a Certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT

As regards the 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 ₹27.05 lacs and disputed liabilities of ₹1.96 lacs towards the excise duty. The matter pertaining to service tax refunds taken by the Company are under appeal with CESTAT, New Delhi and Commissioner Appeal, Jaipur, Rajasthan. Excise duty demand is under appeal with Hon'ble High Court, Rajasthan & Joint Secretary, Govt. of India. Income Tax demand of ₹ 26.35 lacs on account

of additions and disallowances made in the Assessment by the authority against which appeal has been filed before Commissioner of Income Tax (Appeals) Udaipur.

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, 97.41% shares have been converted into demat form up to 31st March, 2012. The stock code number in NSDL and CDSL for equity shares of the Company is ISIN INE 629D01012.

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 under 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 ₹5,00,000/- 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 to the company 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: 21st May, 2012

R. L. TOSHWAL
Chairman

ANNEXURE-I TO THE DIRECTORS' 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 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. The Company adheres to good corporate practices and is constantly striving to improve by adopting emerging best practices.

I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to the best governance practices and their adherence is in the true spirit at all times. The Company is also 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 a prerequisite 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 (as amended) 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 13 member Board of Directors of the Company comprises of the Chairman, Managing Director, Vice Chairman and a Joint Managing Director, all from the promoter group, and nine Non-executive Independent Directors, including a nominee director of EXIM Bank. Thus, Independent Directors constitute more than 2/3rd of the Board's strength. The Non-Executive Independent Directors are eminent professionals with vast 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. |

Four Board meetings were held during the year 2011-12 i.e. on 16th May, 2011, 28th July, 2011, 11th November, 2011 and 13th February, 2012. 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, 2012.

A. Composition of the Board of Directors as on 31.03.2012 and attendance at the Board meetings during 2011-12 :-

Name of the Director	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	
					Member	Chairman
Shri R. L. Toshniwal	Yes	4	ED	3	1	-
Shri Ravindra Kumar Toshniwal	Yes	4	ED	2	-	-
Shri Rakesh Mehra	Yes	4	ED	2	-	-
Shri Shaleen Toshniwal	No	3	ED	-	-	-
Shri P. Kumar	Yes	4	NEID	1	1	3
Shri A.N. Jariwala	No	4	NEID	2	-	1
Shri Kamal Kishore Kacholia	No	4	NEID	1	-	-
Shri Vijay Mehta	No	4	NEID	4	-	-
Shri. D.P. Garg	No	4	NEID	1	-	-
Shri S.B. Agarwal	Yes	4	NEID	2	1	1
Shri Vijay Kumar Agarwal	No	2	NEID	2	-	-
Dr. R. Swaminathan* (Nominee Director of EXIM Bank)	No	3	NEID	1	-	-
Shri P. K. Bhandari	Yes	4	NEID	11	5	1

ED- Executive Director, NEID- Non Executive Independent Director

* EXIM Bank withdrew his Nomination w.e.f. 18.04.2012 and in his place, Shri C.P. Ravindranath has been appointed as its nominee on the Board.

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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.
- Significant labour problems, if any.
- General industrial environment and developments related to textile industry, in particular.

All the Directors, who are members of the various committees, are within the limits prescribed in the Listing Agreements. The Directors have intimated, from time to time, about their directorship/membership of committees in other companies.

Details of Shareholding of Directors as on 31st March, 2012

Sr. No.	Name of Director	Number of Shares
1.	Shri R.L. Toshniwal	10,72,645
2.	Shri Ravindra Kumar Toshniwal	10,76,447
3.	Shri Shaleen Toshniwal	11,90,913
4.	Shri Vijay Mehta	770
5.	Shri P.K. Bhandari	8060

The Company has not issued any shares/debentures to the promoters during the year.

III. COMMITTEES OF THE BOARD

Currently, there are four Committees of the Board viz. Audit Committee, Remuneration Committee, Shareholders' Grievances Committee and Share Transfer Committee. The Committees appointed by the Board focus on specific areas and take informed decisions within their delegated authority. The Committees also make specific recommendations to the Board on various matters from time-to-time. Matters requiring the Board's attention/ approval are generally placed before the Board by the respective Committee's chairman. The role and composition of these Committees, the number of meetings held during the financial year and the related attendance thereat are provided below:

A. AUDIT COMMITTEE

OBJECTIVE:

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for conducting independent audits of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Audit Committee has been constituted to assist the Board in overseeing the quality and integrity of the accounting, auditing and reporting policies/practices of the Company and its compliance with the legal and regulatory requirements. The Committee accordingly, monitors the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors as also, the internal auditors and the Company's risk management policies. The Committee reviews the pending litigation cases against the Company as well as show cause notices received from various authorities. The Audit Committee also reviews the periodic internal and statutory auditors' reports.

Minutes of meetings of the Audit Committee are circulated to members of the Committee and placed before the Board for its confirmation.

COMPOSITION:

The Audit Committee comprises 3 Non-Executive Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S. B. Agarwal. The Board has appointed Shri Ravindra Kumar Toshniwal, Managing Director, as a member of the committee from 21.05.2012.

MEETINGS

Four meetings of the Committee were held during the year 2011-12 i.e. on 16th May, 2011, 28th July, 2011, 11th November, 2011 and 13th February, 2012.