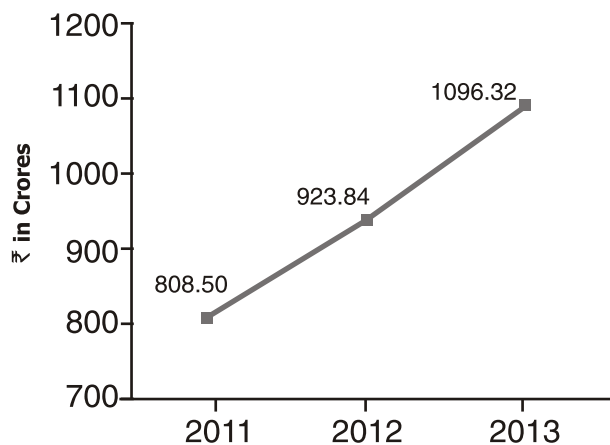


**37<sup>TH</sup> ANNUAL REPORT**  
**2012-13**

**Banswara**  
**SYNTEX LIMITED**  
An IS/ISO 9001:2008 Company

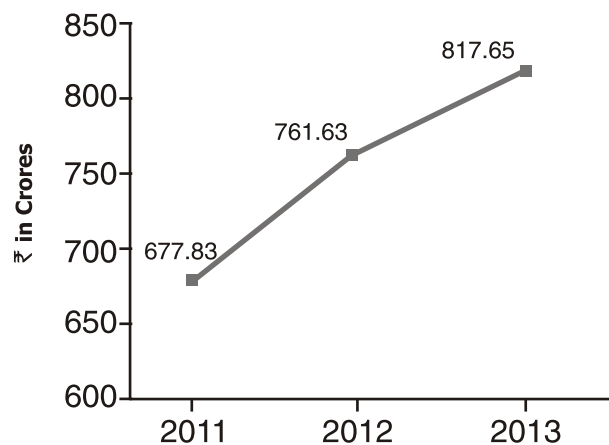
**BANSWARA SYNTEX LIMITED**

### Total Income



For the Year

### Gross Fixed Assets

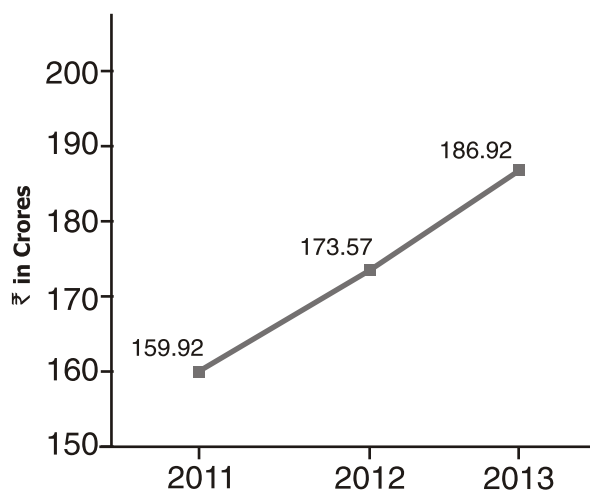


As at 31<sup>st</sup> March

## KEY HIGHLIGHTS OF 2012-13

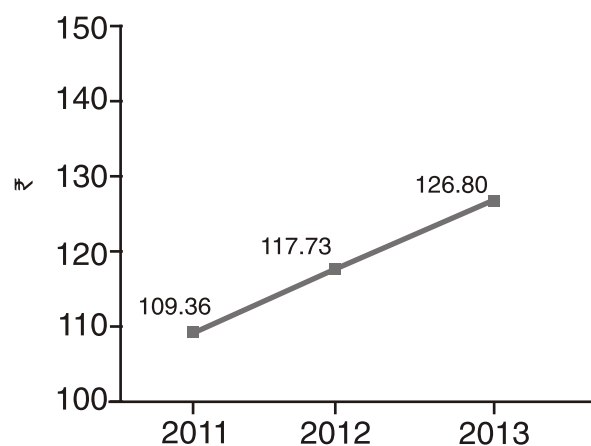
- Total Income Increased by 18.67%
- Basic EPS ₹ 8.14
- Book Value of Shares ₹ 126.80 per share.
- Net Worth ₹ 187 Cr.
- Net worth and DTL ₹ 225 Cr.
- Dividend 15%

### Net Worth



As at 31<sup>st</sup> March

### Book Value Per Share



As at 31<sup>st</sup> March

## 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 (Fin. & Com.)  
& 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)  
Shri Vasant V. Bhagwat, Vice President (Sales & Marketing)

### 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, 257679-681  
240690, 240691  
Fax No. (02962) 240692

#### HEAD/MARKETING OFFICE

5<sup>th</sup> Floor, Gopal Bhawan  
199, Princess Street  
MUMBAI - 400 002

#### DELHI OFFICE

1E/5, Ground Floor,  
Near Mahindra Service Show Room  
Jhandewalan Extn.  
NEW DELHI - 110 055

#### JAIPUR OFFICE

Ankur Apartments,  
S-6, Jyoti Nagar Extension  
JAIPUR - 302 005 (Raj.)

#### PLANTS

**Banswara Unit** (Spinning, Weaving & Finishing)  
Industrial Area, Dohad Road  
BANSWARA - 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.)
- Plot No.85/3, 85/4 & 86/2  
Village Kadaiya, Daman Indl. Area,  
Nani Daman, Daman - 396 210 (U.T.)

#### Surat Unit (Garment)

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

## QUALITY POLICY

WE, BANSWARA SYNTEX LIMITED, WISH TO BE WORLD CLASS IN THE MANUFACTURE OF YARN & FABRIC. OUR ENDEAVOR IS TO ANTICIPATE & EXCEED CUSTOMER SATISFACTION BY UNDERSTANDING CUSTOMER'S NEED AND EXPECTATION AND THUS, ENSURING QUALITY AND TIMELY DELIVERY BY:-

- BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
- CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
- CONTINUAL IMPROVEMENT IN QMS & QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHODS OF WORK.
- PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

## ANNUAL REPORT 2012-13

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### NOTICE

**NOTICE** is hereby given that 37<sup>th</sup> Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Saturday, the day of 24<sup>th</sup> August, 2013 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 31<sup>st</sup> March, 2013, the 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 Preference Shares for the year 2012-13.
- To declare dividend on Equity Shares for the year 2012-13.
- To appoint a Director in place of Shri P. Kumar who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri P.K. Bhandari who retires by rotation and, being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri D.P. Garg 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**

Place : Mumbai                      Sr. Vice President (Fin. & Com.)  
Date : 24<sup>th</sup> May, 2013                      & Company Secretary

### 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. The instrument appointing the 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, 147, Mahatma Gandhi Road, Fort, Mumbai - 400001 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 17<sup>th</sup> August, 2013 to 24<sup>th</sup> August, 2013 (both days inclusive) in connection with the payment of dividend for the financial year 2012-13.
4. Shareholders are requested to immediately notify, to the Company, any change in their address.
5. Keeping in view, the new relaxation 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 29<sup>th</sup> August, 2013 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 16<sup>th</sup> August, 2013.



- 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 16<sup>th</sup> August, 2013.

8. Members holding shares in physical form are advised to furnish, on or before 5<sup>th</sup> August, 2013, 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 2005-06 to 2011-12. 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/get the same credited in their account by NEFT. 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 2005-06 will be transferred to the above fund in August, 2013. 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, 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; in case of shares held in dematerialised 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 re-appointment 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

Place : Mumbai  
Date : 24<sup>th</sup> May, 2013

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

# ANNUAL REPORT 2012-13

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 37<sup>th</sup> Annual Report of the Company together with its Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL REVIEW

	(₹ in Lacs)	
	This year 2012-13	Previous year 2011-12
Gross Income	1,13,044	96,727
Net Income	1,09,632	92,384
Profit before Interest, extra-ordinary items, depreciation & tax	15,507	13,561
Profit before depreciation & tax	7,277	6,041
Less: Depreciation	5,168	4,311
Profit before tax	2,109	1,730
Tax on Income	902	241
(a) Current Tax	323	-
(Net of MAT Credit of ₹ 142 lacs) (Previous Year ₹ 349.34 lacs)		
(b) Deferred Tax	559	241
(c) Prior period tax	20	-
Profit after Tax	1,207	1,489
Dividend on Equity and Preference Shares	226.31	226.31
Tax on Dividend	36.71	36.71
Earning per share(₹) : Basic & Diluted	8.14	10.06

₹ 500 Lacs ( Previous Year ₹ 1500 Lacs ) have been transferred to General Reserve out of Surplus

### OPERATIONS

During the year, the production of Synthetic yarn increased to 301 lac Kgs, up by 8%; however, due to demand recession for worsted fabric, the worsted yarn production reduced by 27% in comparison to the year 2011-12. Production of garments increased by 17% to 25.55 lac pieces. During the year, the Company produced more of value added fabric and technical textiles. The production of fabric increased by 16% to 360 lac meters. The Company has started production of cotton yarn, cotton yarn dyed shirting and piece-dyed suiting fabric also.

During the year, the Company's net income from operations aggregated ₹1096 crores as against ₹924 crore in 2011-12-an increase of 19%. The Company's turnover in value terms has increased by 16% for yarn, by 20% for fabric and by 27% for garments. This confirms the Company's major thrust on value-added fabrics and the readymade garments.

During the year, the textile industry continued to face global recession but your company's profit before interest, depreciation and tax (PBIDT) for 2012-13 improved to ₹155 crore as against ₹136 crore in 2011-12. Similarly, the profit before depreciation and tax (PBDT) was higher at ₹73 crore as against previous year's ₹60 crore, mainly due to increased production and sales. However, inspite of better performance at PBT level, the net profit of Company at ₹12.07 crore during

2012-13 is lower than ₹14.89 crore achieved in the year 2011-12, mainly because of higher provision for tax liability.

The basic and diluted earnings per share works out to ₹8.14 for the year 2012-13 as against previous year's EPS at ₹10.06.

### EXPORTS

During the year, the export turnover was at ₹599 crore was up by about 13% over ₹531 crore during 2011-12. The growth happened in all the 3 segments viz. yarn, fabric and garments.

During the year under report, the Company's marketing as well as design and development team continued to collect the feedback in the international market by participation in the international trade fairs, meetings with the customers, etc. The Company has added some more new customers Worldwide. Its design studio for fabric and garments helped the Company to penetrate in the new areas/customers, both domestically and internationally.

### DIVIDEND

Your Directors are pleased to recommend dividend of ₹1.50 per equity share i.e. the same as for the previous year. The total dividend payout on Equity and Preference shares for the year will absorb ₹2.26 crore (previous year: ₹2.26 crore) besides ₹0.37 crore by way of tax on dividend. The Company has to make payment of 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 ₹79.50 crore for acquisition of fixed assets including the capital-work-in progress at ₹7.77 crores and advances aggregating ₹4.32 crore as at 31<sup>st</sup> March, 2013 to the capital goods' suppliers. Capacity expansion has taken place in all the areas of operations. The worsted spinning capacity increased by 8256 spindles besides addition of 19 looms in weaving section, and one line each for trousers and jackets production in garment division. Similarly, in the fabric processing unit also, few more balancing machines viz. one mercerizing, 6 jet and jiggers, one calendar, and one sizing machine have been added.

The total production capacity of the Company as at 31<sup>st</sup> March, 2013 for yarn production is 151672 ring spindles including 21120 spindles for worsted yarn spinning, 592 Air Jet spindles, 359 shuttle less looms, 32 Air Jet jacquard looms, 7 stenters with processing capacity of 5.0 million meters a month and 3.45 lac pieces of garments per month.

The Company has plans to invest about ₹20 crore for expansion and modernization of the plant during the year 2013-14. This would add 21 looms and balancing equipment. Under the plan, the Company has proposed to replace 1 stenter in finishing unit which will increase fabric finishing capacity by 4 lac meters a month.

## JOINT VENTURE

The Company has two Joint Ventures with two French Companies i.e. Carreman and Treves S.A. The Company holds 50% share capital both in Carreman Fabrics India Limited and Treves Banswara Private Limited.

Carreman Fabrics India Limited has a Weaving Unit doing Fabric Production on job work basis for your Company. It has woven 54.76 lac meters during 2012-13 as against 62.77 lac meters during 2011-12. The production is low due to reduction in looms and lower utilization of available looms capacity.

Treves Banswara Private Limited manufactures Laminated, Knitted and Woven Textiles for internal furnishing of Trains, Buses and other Automobiles. 2012-13 was its first year of operation. The Company produced 1.52 lac meters laminated fabric and achieved turnover of ₹633 lac during the year.

## THERMAL POWER PLANT

The Company's both units of Captive Thermal Power Plant (33 MW) are working satisfactorily. Your Company is consuming imported coal, Lignite, Petcoke and Indian coal. The power plant availability factor during the year 2012-13 was 97.70% as against 95.01% during 2011-12.

## FINANCE

During the year 2012-13, the IDBI Bank Ltd. sanctioned Term Loans aggregating ₹19.20 crore (Disbursed so far ₹14.95 crore) to part finance the Company's expansion-cum-modernization project of ₹24.62 crore. The Export Import Bank of India and Bank of Baroda have also disbursed balance amounts of ₹7.60 crore and ₹7.15 crore out of their Term Loans of ₹29 crore and ₹44 crore respectively. The Company has also applied for another term loan of ₹16 crore from Bank of Baroda to part finance its proposed expansion-cum-modernization project of ₹20 crore.

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

## CONTRIBUTION TO EXCHEQUER

During the year, your Company contributed ₹47.60 crore 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 31<sup>st</sup> March, 2013. 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 31<sup>st</sup> March, 2013, the Company had such deposits aggregating ₹1249.60 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

In accordance with the provisions of Articles of Association of the Company, Shri P. Kumar, Shri P.K. Bhandari and Shri D.P. Garg 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, 2013, the applicable Accounting Standards have been followed and there are no material departures from the same. 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 31<sup>st</sup> March, 2013 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, 2013 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 comprises 3 (three) Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S.B. Agarwal besides Shri Ravindra Kumar Toshniwal Managing Director as members.

# ANNUAL REPORT 2012-13

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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 K.G. Goyal & Company, Cost Auditors, for conducting Cost Audit for the financial Year 2012-13.

The Cost Audit Report for the year 2012-13 shall become due for filing on 27<sup>th</sup> September, 2013. The audit work is in progress.

The Company has appointed K.G. Goyal & Company, Cost Accountants, Jaipur, as Cost Auditors of the Company for the financial year 2013-14. 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 in Significant Accounting Policies, Notes on Accounts and other disclosures are self-explanatory and, therefore, do not call for any further comments, except in the matter of non payment of ₹27.05 lacs towards Service Tax and Cess thereon. The matter pertaining to service tax refunds taken by the Company are under appeal with CESTAT, New Delhi and Commissioner Appeal, Jaipur, 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 has offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 97.49% shares have been

converted into demat form up to 31<sup>st</sup> March, 2013. 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 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.

## ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation for the guidance, 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 report. The Directors particularly 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: 24<sup>th</sup> May, 2013

**R. L. TOSHNIWAL**  
Chairman



## ANNEXURE-I TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT

"Corporate Governance" refers to the way a corporation is governed. It is the technique by which companies are directed 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 pertaining to corporate affairs. The Company adheres to good Corporate Governance practices and constantly endeavours to improve by adopting emerging best practices.

#### I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to maintaining high standards of corporate governance practices and fulfilling its commitment and adherence thereto in letter and spirit at all times, which goes beyond mere regulatory compliances. The Company is also committed to maintain the highest level of transparency, accountability and equity in all facets of 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, and the same is reinforced at all levels within the Company. The corporate governance model adopted by the Company consists of a set of rules and standards with the aim of establishing efficient and transparent operations within the Group, to protect the rights and interests of the Company's shareholders and to enhance shareholder value while complying with the provisions of law in all dealings with Government, customers, suppliers, employees and other stakeholders. It is also intended to ensure attractive returns to all stakeholders of the business based on the strong belief that sound Corporate Governance is the pre-requisite to success, sustainable growth and long-term value creation.

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 four whole-time directors viz. the Chairman, Managing Director, Vice Chairman and 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 and or to each other. 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 2012-13 i.e. on 21<sup>st</sup> May, 2012, 6<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 4<sup>th</sup> February, 2013. 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 during the year ended on 31<sup>st</sup> March, 2013.

#### A. Composition of the Board of Directors as on 31.03.2013 and attendance at the Board meetings during 2012-13 :-

Name of the Director	Attendance at last AGM	No. of Board meetings attended	Category of Director	No. of directorships in other Public Limited Companies	No. of other Board Committees of which Member / Chairman	
					Member	Chairman
Shri R. L. Toshniwal, (Chairman) DIN: 00106933	No	4	ED	3	1	-
Shri Ravindra Kumar Toshniwal (M.D.) DIN: 00106789	Yes	4	ED	2	-	-
Shri Rakesh Mehra (Vice Chairman) DIN: 00467321	Yes	2	ED	2	-	-
Shri Shaleen Toshniwal (Joint M.D.) DIN: 00246432	No	4	ED	-	-	-
Shri P. Kumar DIN: 00179074	Yes	4	NEID	1	1	3
Shri A.N. Jariwala, DIN: 00024008	No	4	NEID	2	-	1
Shri Kamal Kishore Kacholia DIN: 00278897	No	2	NEID	1	-	-
Shri Vijay Mehta, DIN: 00057151	No	4	NEID	4	-	-
Shri. D.P. Garg, DIN: 00003068	No	4	NEID	1	-	-
Shri S.B. Agarwal, DIN: 00524452	Yes	4	NEID	2	1	1
Shri Vijay Kumar Agarwal, DIN: 00108710	No	2	NEID	2	-	-
Shri C.P. Ravindranath (Nominee Director of EXIM Bank) DIN: 01771043	No	3	NEID	2	1	-
Shri P. K. Bhandari, DIN: 00021923	No	3	NEID	11	5	1

ED- Executive Director, NEID- Non Executive Independent Director



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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 31<sup>st</sup> March, 2013

Sr. No.	Name of Director	Number of Shares
1.	Shri R.L. Toshniwal	10,85,974
2.	Shri Ravindra Kumar Toshniwal	11,88,947
3.	Shri Shaleen Toshniwal	12,75,680
4.	Shri P.K. Bhandari	8,060

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 (three) Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia, Shri S.B. Agarwal and 1 (one) Whole Time Director Shri Ravindra Kumar Toshniwal (Managing Director) as members.

#### MEETINGS

Four meetings of the Committee were held during the year 2012-13 i.e. on 21<sup>st</sup> May, 2012, 6<sup>th</sup> August, 2012, 6<sup>th</sup> November, 2012 and 4<sup>th</sup> February, 2013.