

Annual Report 1998-99



Badswapa SYNTEX LIMITED

Board of Directors

Shri R. L. Toshniwal	(Chairman & Managing Director)
Shri L. N. Jhunjhunwala	
Shri A. N. Jariwala	
Shri Vijay Mehta	
Shri Kamal Kishore G. Kacholia	
Shri Rakesh Mehra	(Whole Time Director)
Shri Ravi Toshniwal	(Executive Director)
Shri Manish Joshi	(Nominee UTI)

Executives

Shri S. S. Sajal	President
Shri J.K. Rathi	President (Commercial)
Shri R. N. Maloo	Vice President (Fin. & Acctt.)
Shri S. N. Gupta	Vice President (Technical)
Shri M. Bhutra	Vice President (Fabrics) & Company Secretary
Shri S. S. Kella	Vice President (Audit & Taxation)

Auditors

M/s Kalani & Co.
Mangal Marg,
Bapu Nagar,
Jaipur-302 004

Bankers

Punjab National Bank
Union Bank of India
Bank of Baroda
Bank of India

Regd. Office & Mills

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

Mumbai Office

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

Delhi Office

4633-34, Deputy Ganj,
Sadar Bazar,
DELHI-110 006

QUALITY POLICY-

WE PROMISE TO ANTICIPATE AND EXCEED CUSTOMER SATISFACTION BY :-

1. BEING IN CLOSE CONTACT WITH CUSTOMERS AND GETTING THEIR FEED BACK.
2. CONTINUOUS INNOVATION IN PRODUCT DEVELOPMENT.
3. CONSTANT IMPROVEMENT IN QUALITY THROUGH H.R.D., UPGRADATION OF PLANT & MACHINERY AND IMPROVEMENT IN METHOD OF WORK.
4. PARTICIPATION OF MANAGEMENT AND ALL EMPLOYEES AS ONE TEAM.

R. L. TOSHNIWAL



FINANCIAL HIGHLIGHTS

(Rs. in lacs)

1998-99 1997-98 1996-97 1995-96
(9 months)

TURNOVER AND PROFITS

Turnover (including export)	18,485	19,801	18,119	12,107
Exports (CIF Value)	7,865	8,108	7,250	3,036
Profit before Interest and Depreciation	1,647	1,734	1,782	1,055
Interest	1,279	1,251	1,452	829
Profit before Depreciation & Taxation	368	483	330	226
Profit after Depreciation	28	145	67	65
Taxation	17	19	-	-
Profit after Taxation	11	126	67	65
Dividend	-	-	-	-

ASSETS AND LIABILITIES

Fixed Assets (Net of revaluation)	7,169	6,737	5,915	5,518
Fixed Assets (Net)	4,272	4,216	3,792	3,721
Net Current and Other Assets	4,740	4,674	4,181	3,731
Equity Share Capital	678	678	670	670
Reserves & Surplus (Excl. Rev. Res.)	2,216	2,205	2,048	1,994
Net Worth	2,820	2,795	2,616	2,559
Secured Loans	5,334	5,307	4,650	4,532
Other Long Term Liabilities	867	797	716	370

RATIOS

Book value per Share (Rs.)	40.99	40.63	38.01	37.20
Earning per Share (Rs.)	0.15	1.83	0.97	1.27*

★ Figures are annualised.

NOTICE

TO THE SHAREHOLDERS,

NOTICE is hereby given that twenty third Annual General Meeting of the Shareholders of Banswara Syntex Limited, will be held at its Registered Office, Industrial Area, Dohad Road, Banswara on Friday the 24th day of September, 1999 at 4 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri L.N. Jhunjhunwala, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Shri A.N. Jariwala, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. Creation of charge to secure Term Loan from IDBI
To consider, and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution :-
RESOLVED THAT pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company in favour of Industrial Development Bank of India for their term loan of Rs.600 lacs together with interest at the agreed rates, compound/further interest, commitment charges, premia on prepayment or on redemption, cost, charges, expenses, and other monies payable by the Company to the Industrial Development Bank of India in terms of the loan agreement(s) entered into /to be entered into by the Company in respect of the said loan.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the aforesaid Industrial Development Bank of India the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution.
6. Creation of First / Second Charge in favour Govt. of Rajasthan.
To consider, and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution.
RESOLVED THAT pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Financial Institutions, Banks, the consent of the Company

be and is hereby accorded to the mortgaging and /or charging by the Board of Directors of the Company on first/second charge basis of all the immovable and moveable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company of all tangible and movable properties and assets of the Company present and future to, or in favour of :-

i. Govt. of Rajasthan for Rs. 176 lacs.
together with interest at the agreed rates, compound / further interest, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Government in terms of the loan agreement(s) to be entered into by the Company in respect of the said facilities.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to finalise with the aforesaid, the Govt. of Rajasthan the documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution".

ORDINARY RESOLUTION

7. Increase of borrowing power limit

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

RESOLVED THAT pursuant to clause (d) of sub-section (1) of section 293 of the Companies Act, 1956 and all other enabling provisions, if any, in addition to all borrowings by the Directors for and on behalf of the Company authorised by resolution passed at the 19th Annual General Meeting of the company held on 30th Dec. 1995, the Company hereby consent to the further borrowing by the Board of Directors for and on behalf of the Company from time to time of further sums of money for the purposes of the Company amounting in the aggregate to a sum of not more than Rs. 10000 lacs (excluding temporary loans obtained from the Company's bankers in the ordinary course of business), that is to say, to the total borrowing by the Board of Directors for and on behalf of the company of an aggregate sum not exceeding Rs. 10000 lacs notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from such temporary loans obtained or to be obtained from the company's Bankers) will or may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 26th July, 1999

By Order of the Board

MAHESH BHUTRA
Vice President (Fabric)
& Company Secretary

NOTES

1. The Register of Members and Share Transfer books of the Company shall remain closed from 16th September, 1999 to 24th September, 1999.
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, completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. Shareholders are requested to notify to the Company immediately any change in their address.

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

Item No.5

Industrial Development Bank of India has sanctioned Term Loan of Rs. 600 lacs for the long term working capital requirement. As security for above borrowing Company is required to give charge of its movable/immovable properties in favour of Industrial Development Bank of India which may be regarded as disposal of properties/undertaking of the Company. It is, therefore necessary to get approval from the shareholders by way of passing the resolution u/s 293(1)(a) of the Companies Act, 1956. Resolution in item No.5 has been proposed accordingly. None of the Directors of the Company are interested in the resolution.

Item No. 6.

Company has availed of Sales Tax Defferment Scheme of Govt. of

Rajasthan. Under the scheme it is required to create charges on the assets of the Company to convert the amount of deferment into loan. This may be regarded as disposal of properties/undertaking of the company. It is, therefore, necessary to get approval from the shareholders by way of passing a resolution u/s 293(1)(a) of the Companies Act, 1956 before creation of mortgage/charge. Resolution in item No. 6 has been proposed accordingly. None of the Directors of the Company is interested in the resolution.

Item No. 7.

At the 19th Annual General Meeting of the Company held on 30.12.95, the Company had accorded its consent under section 293(1)(d) of the companies Act, 1956, to the Directors to borrow money upto a limit of Rs. 6000 lacs (excluding temporary loans obtained from the Company's bankers in the ordinary course of business). Taking into account the future, further requirements of additional finance, a fresh resolution is proposed providing that, in addition to the Company's existing borrowings, the Directors may, for and on behalf of and for the purpose of the company, borrow further sums of money amounting in the aggregate to a sum of not more than Rs. 10000 lacs, thereby raising the total borrowing limit from Rs. 6000 lacs to Rs. 10000 lacs. Resolution under item No. 7 has been proposed accordingly.

None of the Directors of the Company are interested in the resolution.

Registered Office:
Industrial Area, Dohad Road,
BANSWARA-327 001 (RAJ.)
Place : Mumbai
Dated : 26th July, 1999

by order of the Board

MAHESH BHUTRA
Vice President (Fabrics)
& Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are cordially presenting the 23rd Annual Report together with Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in lac)	
	This Year 1998-99	Previous Year 1997-98
Turnover	18,485	19,801
Less : Operating Cost	16,837	18,067
Profit before interest	1,648	1,734
Less: Interest	1,280	1,251
Profit before depreciation	368	483
Less: Depreciation	380	404
Revaluation reserve withdrawn	(41)	(66)
Profit before tax	29	145
Less : Taxation	18	19
Profit after tax	11	126

WORKING RESULTS & OPERATIONS

This year 1998-99 is affected by recessionary tendencies prevailing in the economies all over the World. The performance of the Textile Industry in general was under pressure due to the shrinkage of demand in domestic as well as overseas market. Devaluation of currency in Far East Countries has brought down the sales realisation in International as well as domestic market. As a result turnover of the company was Rs. 18,485 lac as against Rs. 19,801 lac of the previous year. The profit has therefore, come down to Rs. 368 lac as against Rs. 483 lac before depreciation.

EXPORTS

The Company's export turnover has gone down marginally from Rs. 8,108 lac (FOB Value Rs. 6,627 lac) to Rs. 7,865 lac (FOB Value Rs. 6,175 lac.) The company is exporting yarn and fabric to all parts of the globe. The quality of the product of the Company is well established and the repeated orders are being received from Customers.

FINANCE

The Company has submitted proposal for working capital limits for the year 1999-2000 to the lead Bank, Punjab

National Bank and the same is under their consideration. IDBI has sanctioned corporate loan of Rs. 6 crores for fulfilling long term working requirement of the Company. Further the Bankers have also sanctioned DPG facility of Rs. 422.45 lac for acquiring 2.5 MW Fuel Oil Based Electricity Generating Set.

DIRECTORS

Shri L.N. Jhunjunwala and Shri A.N. Jariwala are retiring by rotation and offer themselves for re-election. During this period Shri Sushil Sain has resigned from the Board due to ill health. Industrial Development Bank of India has withdrawn the nomination of Shri T.K. Mukhopadhyay from the Board. The Board places on record the appreciation of the services rendered by Shri Sushil Sain and Shri T.K. Mukhopadhyay.

FIXED DEPOSITS

The company continue to accept deposits offered by public and at the close of the year it has a fixed deposit of Rs. 747.70 lac from deposit holders. All interest and principal dues are being paid regularly.

AUDITORS

M/s Kalani & Company, Chartered Accountants, Jaipur hold office as auditors of the Company, until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Deviations reported by the Auditors from the accounting standards are in regard to Note No. 5 & 6 being accounting policies constantly followed by the Company. The other comments are explained in accounting policies and notes on accounts and needs no further comments.

ENERGY CONSERVATION

As required under section 217(1) (e) of the Companies Act, 1956 and rules framed thereunder, a statement of disclosing particulars regarding conservation of energy and technology absorption is annexed to and form part of this report.

INDUSTRIAL RELATIONS

Industrial relation remained cordial during the whole of the year. The Board of Directors appreciate efforts put on by the workers and staff of the Company for their co-operation at all levels.

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 the employees of the Company who were in receipt of remuneration of not less than Rs. 50,000 per month are annexed and form part of this report.

RISK TO THE COMPANY DURING YEAR 2000

The Company has made necessary arrangements to solve the Y2K problems. Estimated expenditure on solving the problem would be Rs. 2.00 lac.

ACKNOWLEDGEMENT

The Board records its appreciation for the co-operation,

guidance and encouragement given to the Company by Industrial Development Bank of India, Unit Trust of India, Life Insurance Corporation of India, the Financial Institutions and Punjab National Bank, Union Bank of India, Bank of Baroda and Bank of India, the Bankers of the Company.

For and on behalf of the Board

Place: Mumbai

R. L. Toshniwal

Dated: 26th July, 1999 Chairman & Managing Director

INFORMATION PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

S.No.	Name of the Employees	Designation & nature of duties	Remuneration received (Rs.)	Qualification & experience (No. of years)	Age (years)	Date of Commencement of employment	Previous employer, designation, period of service (No. of years)
A. Employed through-out the year and were in receipt of remuneration in aggregate of not less than Rs. 6,00,000 per annum.							
1.	Shri R. L. TOSHWIHAL	Chairman & Managing Director	6,85,280	M.Sc. (Tex.) Leeds University of England. (38)	65	01.08.77	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
B. Employed for a part of the year and were in receipt of remuneration of not less than Rs. 50,000 per month.							
NIL							

- Notes :-**
1. Total number of employees included in the above statement-1.
 2. The above figures is for the period 1.4.98 to 31.3.99 for twelve months.
 3. Remuneration comprises salary, allowances, monetary value of perquisites, commission to directors and the Company's contribution to provident fund.
 4. In addition to the above remuneration, employees are also entitled to gratuity.



ANNEXURE TO DIRECTORS' REPORT

Additional informations as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988.

A. CONSERVATION OF ENERGY :

a) Energy Conservation measures taken.

- i) FRP fans in place of Aluminium fans are used in humidification and ventilation plants. These fans saves about 10% to 12% of energy.
- ii) Electronic ballasts in place of Electromagnetic ballasts are being used to save about 20% energy.
- iii) In Ring Frame Dual drives have been replaced, by inverter drives.
- iv) Electric motors have been replaced by energy efficient motors in Carding.
- v) High lumen/watt tube lights are used in place of general fluorescent tubes to save the energy.

b) Additional Investments and proposal, being implemented for reduction of consumption of energy.

Company is planning further Capital expenditure on energy saving devices.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

There would be reduction in consumption of coal and electricity.

d) Total energy consumption and energy consumption per unit of production as per form A of the annexure in respect of Industries specified in the schedule thereto.

As per form 'A' enclosed.

B. TECHNOLOGY ABSORPTION :

e) Efforts made in technology absorption.

As per form 'B' enclosed

C. FOREIGN EXCHANGE EARNING AND OUTGO :

The information of Foreign Exchange Earning and outgo is contained in schedule 22 item 15(B) (a), (b), (c), (d) & (e).

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY 1998-99

A. POWER AND FUEL CONSUMPTION

1. Electricity	Current year	Previous year
a) Purchased		
Units	2,24,71,211	2,87,42,850
Total Amount (Rs.)	7,72,87,154	10,09,83,605
Rate/Unit	3.44	3.51
b) Own generation		
i) Through Diesel Generator		
Units	2,03,90,984	1,20,84,035
Units per Ltr. of diesel oil	3.42	3.44
Cost/Unit	2.66	2.60
ii) Through Steam Turbine/generator		
Not applicable		
2. Coal (Specify quality and where used)		
Quantity (MT)		
Coal	2,848.96	3,386.730
Lignite	-	764.975

Total cost (Rs.)	71,56,807	91,57,853
Average rate/MT (Rs.)	2,512.08	2,205.81
3. Furnace oil	Not applicable	
4. Other /Internal generation	Not applicable	

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standard (if any)	Current year	Previous year
Production of yarn	Kg.	92,74,766	93,01,873
Production of cloth	Mtr.	48,77,873	43,00,429
Electricity per kg. of production	Unit	4.12	4.05
Electricity per mtr. of production	Unit	0.95	0.75
Coal per kg. of production	Kg.	0.31	0.45

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION 1998-99

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.

R & D Department of the Company is developing new yarns and fabrics as per changing trend and feed back received from different customers in the international and national market.

2. Benefits derived as a result of the above R & D

Continuous development has happend the Company to cater the needs of various buyers. Company is able to produce fabric and yarn as per buyers requirement.

3. Future plan and action

Research & Development is a continuous process for making new yarns and fabrics as per the requirement of market and fashion trends and the same is being taken up vigorously.

4. Expenditure on R & D

a) Capital	Rs. 40.00 lac (Approx)
b) Recurring	Normal running expenses.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adoption and innovation.

Company has an existing unit for spinning yarn and weaving fabric. Company is constantly modernising its existing machines to keep pace with technological developments. New Autoconers and TFOs have been installed to produce quality yarns. Imported Sulzer Projectile Looms and Airjet Looms have been installed to produce high quality fabric which is being exported to Europe.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution etc.

Good quality of yarn and fabric is being produced.

3. In case of imported technology (import during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished.

Not applicable

For and on behalf of the Board

R. L. TOSHIWAL

Chairman & Managing Director

Place : Mumbai
Dated : 26th July, 1999