

# Annual Report 2006 - 2007



**Badswapa SYNTEX LIMITED**

## FINANCIAL HIGHLIGHTS

Rs.in Lacs

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
<b>TURNOVER AND PROFITS</b>					
Turnover (Including Export)	47,778	38,931	30,542	29,455	24,661
Exports (Including Deemed Exports & Benefits)	25,694	21,218	16,000	20,431	15,668
Profit Before Interest, Depreciation & Tax	5,685	4,339	2,921	3,330	2,953
Interest	1,781	1,437	1,169	1,203	1,421
Profit Before Depreciation & Tax	3,904	2,902	1,752	2,127	1,532
Profit after Depreciation	2,278	1,571	678	1,304	821
Tax- Fringe Benefits	23	26	-	-	-
Current	646	210	49	108	66
Deferred	115	409	251	336	295
Profit after Tax	1,494	926	378	860	460
Dividend %	20	20	12	12	8
<b>ASSETS &amp; LIABILITIES</b>					
Gross Fixed Assets (Net of Revaluation)	33,949	25,134	19,787	16,639	12,883
Net Fixed Assets	24,452	17,038	13,196	10,944	7,981
Net Current and Other Assets	9,596	10,016	7,908	6,244	6,946
Equity Share Capital	1,251	777	681	678	678
Preference Share Capital	173	-	-	-	-
Reserves & Surplus (Excl.Rev.Res.)	6,463	5,299	3,982	3,687	2,930
Net Worth	7,714	6,076	4,663	4,365	3,586
Deferred Tax Liability	1,957	1,841	1,391	1,140	805
Secured Loans	23,043	17,682	13,521	10,516	9,495
Other Long Term Liabilities	1,866	1,803	1,744	1,181	1,042
<b>RATIOS</b>					
Book value per Share (Rs.)	61.50*	50.76*	67.78	63.46	52.14
Earning per Share (Rs.)	12.20*	8.10*	5.54	12.68	6.79

\*Calculated after giving effect of issue of Bonus Shares during the year 2006-07

**BOARD OF DIRECTORS**

Shri R.L.Toshniwal, Chairman & Managing Director  
 Shri Ravi Toshniwal, Jt. Managing Director  
 Shri Rakesh Mehra, Wholetime Director  
 Shri Shaleen Toshniwal, Wholetime Director  
 Shri D.S.Alva  
 Shri P. Kumar  
 Shri D.P.Garg  
 Shri S.B.Agarwal  
 Shri Vijay Agarwal  
 Shri Kamal Kishore Kacholia  
 Shri A.N.Jariwala  
 Shri Vijay Mehta  
 Shri P.A.Makwana, Nominee Director

**EXECUTIVES**

Shri S.S. Sajal, President  
 Shri J.K. Rathi, President (Commercial)  
 Shri V.G. Maheshwari, President (Daman Unit)  
 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)

**AUDITORS**

M/s Kalani & Company  
 Mangal Marg  
 Bapu Nagar  
 JAIPUR-302 004

**BANKERS**

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

**REGISTRAR & TRANSFER AGENT**

M/s. Computech Sharecap Ltd.  
 147, Mahatma Gandhi Road,  
 Opp. Jehangir Art Gallery, Fort  
 MUMBAI-400 023  
 Email:helpdesk@computechsharecap.com  
 website:www.computechsharecap.in  
 Phone No.(022)-22635000, 22635001

**OFFICES****REGD. OFFICE**

Industrial Area, Dohad Road,  
 BANSWARA - 327 001 (Raj.)  
 Email : secbsw@banswarafabrics.com  
 website:www.banswarasyntex.com  
 Phone No. (02962) 242301 to 242306  
 240690, 240691, 240693

**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.)

**WORKS**

**Banswara Unit** (Spinning, Weaving & Finishing)  
 Industrial Area, Dohad Road  
 BANSWARA - 327001 (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.)

**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 31<sup>st</sup> Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Wednesday the 8<sup>th</sup> day of August, 2007 at its Registered Office, Industrial Area, Dohad Road, Banswara at 4.00 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31<sup>st</sup> March, 2007 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri S.B. Agarwal who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Vijay Agarwal who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Kamal Kishore Kacholia 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 Ravi Toshniwal as Jt. Managing Director.

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 314 and 349 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, appointment of Shri Ravi Toshniwal be and is hereby recommended as Jt. Managing Director of the Company from 24<sup>th</sup> August, 2007 to 31<sup>st</sup> July, 2012 on the terms & conditions including remuneration as set out below:-

- (i) **Salary** : Rs.250000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.250000-250000-350000.
- (ii) **Commission**: 1% commission on the net profit of the company from 1<sup>st</sup> April, 2007 onwards, computed in the manner laid down in 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 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** : Reimbursement of expenses actually incurred, 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.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (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.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

#### PART - B

In addition to the perquisites, Shri Ravi Toshniwal shall also be

entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (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 Ravi 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 Ravi Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.
- (iv) Where in 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 Ravi Toshniwal subject to the applicable provisions of Schedule XIII to the said Act.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to 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 Ravi 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 Rakesh Mehra, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

#### 8. Revision in remuneration payable to Shri R.L. Toshniwal as Chairman & Managing Director.

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri R.L. Toshniwal as Chairman & Managing Director of the Company is hereby revised with effect from 1<sup>st</sup> August, 2007 upto 31<sup>st</sup> July, 2009 on the terms and conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:

- (i) **Salary** : Rs.300000/- per month basic salary, which shall be increased every year by Rs.30000/- in the scale of Rs.300000-300000-330000.
- (ii) **Commission**: 1% commission on the net profit of the company from 1<sup>st</sup> April, 2007 onwards, computed in the manner laid down in the Companies Act, 1956.
- (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** : Reimbursement of expenses actually incurred, 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.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (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.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

**PART - B**

In addition to the perquisites, Shri R.L. Toshniwal shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (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 R.L. 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 R.L. Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.
- (iv) Where in 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 R.L. Toshniwal subject to the applicable provisions of Schedule XIII to the said Act.

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

**9. Revision in remuneration payable to Shri Rakesh Mehra as Wholtime Director.**

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Rakesh Mehra as Wholtime Director of the Company is hereby revised with effect from 1<sup>st</sup> August, 2007 upto 30<sup>th</sup> September, 2008 on the terms and conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:

- (i) **Salary** : Rs.250000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.250000-25000-275000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1<sup>st</sup> April, 2007 onwards, computed in the manner laid down in 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 of the Company and another 1% to Shri Ravi Toshniwal, Joint Managing 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** : Reimbursement of expenses actually incurred, 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.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (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.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

**PART - B**

In addition to the perquisites, Shri Rakesh Mehra shall also be entitled to the following benefits, which shall not be included in the computation of ceiling on remuneration specified above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (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 Rakesh Mehra 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 Rakesh Mehra for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

(iv) Where in 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 Rakesh Mehra subject to the applicable provisions of Schedule XIII to the said Act.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to 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 Rakesh Mehra 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 and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

#### 10. Revision in remuneration payable to Shri Shaleen Toshniwal as Wholetime Director.

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof and subject to such approvals, as may be necessary, the salary payable to Shri Shaleen Toshniwal as Wholetime Director of the Company is hereby revised with effect from 1<sup>st</sup> August, 2007 upto 30<sup>th</sup> September, 2010 on the terms and conditions including remuneration and minimum remuneration in the event of absence or inadequacy of profits, as set out below:

- (i) **Salary** : Rs.200000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.200000-25000-275000.
- (ii) **Commission**: 1% commission on the net profit of the company from 1<sup>st</sup> April, 2007 onwards, computed in the manner laid down in 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 of the Company, another 1% to Shri Ravi Toshniwal, Joint Managing Director of the Company and further another 1% commission to Shri Rakesh Mehra, Wholetime 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** : Reimbursement of expenses actually incurred, 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.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (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.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 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 above.

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (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 not be liable to retire by rotation.

(iv) Where in 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 to the said Act.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to 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, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

#### Registered Office:

Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)  
Place: Mumbai  
Dated : 24th May, 2007

By Order of the Board

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

**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 4<sup>th</sup> August, 2007 to 8<sup>th</sup> August, 2007 (both days inclusive) in connection with the payment of dividend for the financial year 2006-07.
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 11<sup>th</sup> August, 2007 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 Friday, 3<sup>rd</sup> August, 2007.
  - 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 Friday, 3<sup>rd</sup> August, 2007.
8. Members holding shares in physical form are advised to furnish, on or before 3<sup>rd</sup> August, 2007, particulars of their bank account, if changed, to the company to incorporate the same in the dividend warrants.  
In case of payments to the shareholders holding shares in dematerialized form, particulars of bank account registered with their depository participants will be considered by the company to incorporate the same in the dividend warrants.
9. The company has declared dividend for the year 2002-03, 2003-04, 2004-05 and 2005-06. 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.
10. 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. to 1.00 P.M. except on holidays.
11. 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 may be made available at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.7**

Shri Ravi Toshniwal, aged 43 years, is B.Tech. (Chem. Engg.) from IIT, Mumbai and has over 15 years experience in the field of textile industry. He is holding post of Jt. Managing Director. During

his tenure the company has made impressive growth in all the fields both in volume and value as indicated in the Financial Performance. Shri Ravi Toshniwal is also looking after overall activities of the company. His tenure of appointment is expiring on 23<sup>rd</sup> August, 2007.

Looking to the sincere, dedicated and committed services rendered by Shri Ravi Toshniwal, Joint Managing Director of the Company, Board of Directors in its meeting held on 24.05.2007 has reappointed him as Joint Managing Director of the Company for further five years effective from 24<sup>th</sup> August, 2007 to 31<sup>st</sup> July, 2012. Remuneration of Shri Ravi Toshniwal was in the scale of Rs. 170000-25000-1,95,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 12<sup>th</sup> July, 2006. The remuneration proposed to be paid to Shri Ravi Toshniwal 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 Ravi 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 Ravi Toshniwal is also looking after the overall activities of the Company including production, exports and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri Ravi Toshniwal as Jt. Managing Director is required to be availed for allround growth and development of the company.

**(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 totally in line with the excellent performance made by the company under his dedicated services.

**(c) Pecuniary relationship with the company and other managerial persons in the company.**

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

Shri Ravi Toshniwal holds 53466 numbers of equity shares of Rs.10 each in the Company, as on the date of this Notice.

None of the Directors except Shri Ravi Toshniwal himself and also related to each other i.e. son of Shri R.L. Toshniwal, brother of Shri Shaleen Toshniwal and brother-in-law of Shri Rakesh Mehra in anyway concerned or interested in the above resolution.

This should be considered as an abstract of the terms of appointment and payment of remuneration and memorandum as to the nature of the concern or interest of the directors as required under section 302 of the Companies Act, 1956.

Your Director recommends the resolution for approval.

**Item No. 8,9, 10**

The Remuneration Committee in its meeting held on 24<sup>th</sup> May, 2007 after taking into account following facts has proposed revising in salary of all three Wholetime Directors besides reappointment of Shri Ravi Toshniwal as Jt. Managing Director as per item No.7 of the Notice.



- 1) During the tenure of above said Key persons the Company has made impressive growth in all the fields both in volume and value as indicated in the financial performance.
  - 2) The Company is doing various expansions in the fields of their current activities viz. Spinning, Weaving, Processing and also venturing in new products like worsted yarn spinning, upholstery products etc.
  - 3) The Company has also installed a thermal power plant for captive power consumption that will start production in July, 07 which will meet the full power requirements of the Company at very competitive cost.
  - 4) In the field of yarn and fabric business, the Company has gained considerable growth in both volume and value.
  - 5) The Company is also coming up with a new unit near Surat in SEZ area for garments with a production capacity of 2,00,000 trousers and 30,000 jackets per month. In addition to this the Daman unit will also cater the domestic market.
  - 6) The Company has also established a weaving production unit in Joint Venture with Carreman, France. The business of this Company is also growing and the Whole time Directors are giving their contribution to that growth.
- (i) Shri R.L. Toshniwal, aged 73 years, is a textile technocrat from Leeds University, England and has vast experience of over 44 years in the field of textile industry. Before joining the company he was the chief executive of M/s Oriental Carpets Manufacturing (India) Ltd. He is the promoter director of the company and holding post of Chairman since inception. Shri R.L. Toshniwal is looking after overall activities of the company. His remuneration was in the scale of Rs.2,20,000-25,000-2,70,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 12<sup>th</sup> July, 2006. The remuneration proposed to be paid to Shri R.L. Toshniwal is set out in the resolution.

(a) **Job Profile**

Shri R.L. Toshniwal is looking after the overall activities of the Company and Management including production, exports, and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri R.L. Toshniwal as Chairman is required to be availed for allround growth and development of the company.

(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 totally in line with the excellent performance made by the company under his dedicated services.

(c) **Pecuniary relationship with the company and other managerial persons in the company.**

Shri R.L. Toshniwal and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is son-in-law of Shri R.L. Toshniwal. Except this relationship and the remuneration proposed to be paid to all the four directors, including Shri R.L. Toshniwal, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri R.L. Toshniwal holds 971,6367 no. of equity shares of Rs. 10 each in the Company, as on the date of this Notice.

- (ii) Shri Rakesh Mehra, aged 50 years, is a Chartered Accountant and has over 19 years experience in the field of textile industry. Before joining the Company he was the chief executive of M/s RR Toshniwal Enterprises. He is holding the post of Wholtime Director. Shri Rakesh Mehra is mainly looking after yarn exports of the company. His remuneration was in the scale of Rs.1,70,000-25,000-2,20,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 12<sup>th</sup> July, 2006. The remuneration proposed to be paid to Shri Rakesh Mehra is set out in the resolution.

(a) **Job Profile**

Shri Rakesh Mehra is looking after the yarn export activities of the Company.

Considering his skill, your Board is of the opinion that the services of Shri Rakesh Mehra as Wholtime Director is required to be availed for allround growth and development of the company.

(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 totally in line with the excellent performance made by the company under his dedicated services.

(c) **Pecuniary relationship with the company and other managerial persons in the company.**

Shri Rakesh Mehra and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are brother in law of Shri Rakesh Mehra. Shri R.L. Toshniwal is father in law of Shri Rakesh Mehra. Except this relationship and the remuneration proposed to be paid to all the four directors, including Shri Rakesh Mehra, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri Rakesh Mehra holds 25,499 no. of equity shares of Rs.10 each in the Company, as on the date of this Notice.

- (iii) Shri Shaleen Toshniwal, aged 30 years, is B.Sc. (Management) from U.S.A and has over 3 years experience in the field of textile industry. He is looking after the entire activities of Readymade garment unit at Daman. His remuneration was in the scale of Rs.1,50,000-20,000-2,30,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 12<sup>th</sup> July, 2006. The remuneration proposed to be paid to Shri Shaleen Toshniwal is set out in the resolution.

(a) **Job Profile**

Shri Shaleen Toshniwal is looking after the entire activities of Daman plant including production, exports and HRD activities.

Considering his skill, your Board is of the opinion that the services of Shri Shaleen Toshniwal as Whole-time Director is required to be availed for allround growth and development of the company.

(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 totally in line with the excellent performance made by the company under his dedicated services.

(c) **Pecuniary relationship with the company and other managerial persons in the company**

Shri Shaleen Toshniwal and also the other managerial person in respect of whom the remuneration has been increased do not have any pecuniary relationship with the company except the managerial remuneration drawn by them. Shri Shaleen Toshniwal and Shri Ravi Toshniwal are sons of Shri R.L. Toshniwal and Shri Rakesh Mehra, Wholtime Director of the Company, is son-in-law of Shri R.L. Toshniwal. Except this relationship and the remuneration proposed to be paid to all the four Wholtime directors, including Shri Shaleen Toshniwal, they do not have any pecuniary relationship with the company or any other managerial person in the company.

Shri Shaleen Toshniwal holds 1125413 no. of equity shares of Rs. 10 each in the Company, as on date of this Notice.

**Registered Office:**

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

Place: Mumbai

Dated : 24th May, 2007

By Order of the Board

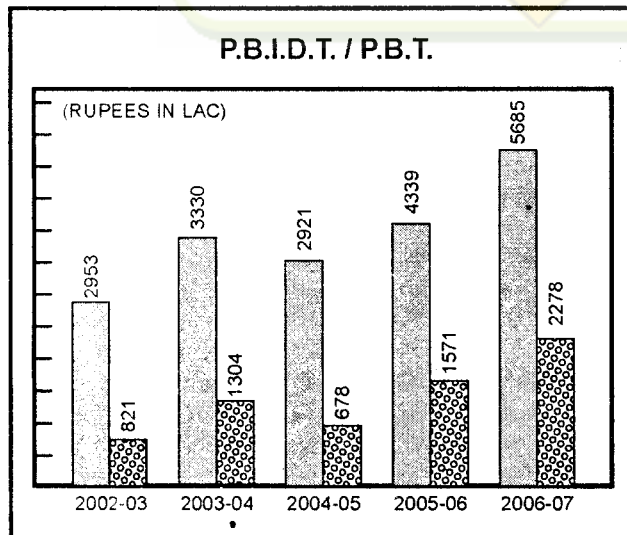
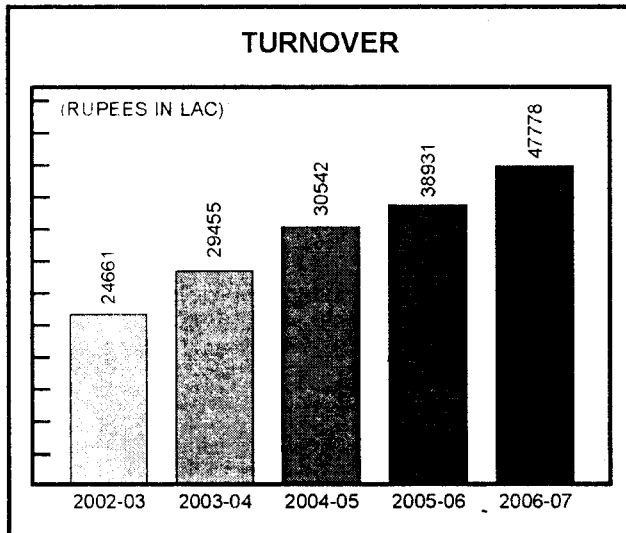
**J. K. JAIN**

Sr. Vice President (F&C).  
& Company Secretary





## DIRECTORS' REPORT



□ P.B.I.D.T.  
 ▨ P.B.T.

## Dear Shareholders,

Your Directors are pleased to present the 31<sup>st</sup> Annual Report covering the operating and financial performance of Banswara Syntex Limited for the year ended 31<sup>st</sup> March 2007.

## FINANCIAL REVIEW

	Rs. in Lacs	
	This year 2006-07	Previous Year 2005-06
Gross Income	47,118	38,404
Net Income	38,099	31,663
Profit before depreciation & tax	3,904	2,902
Less: Depreciation	1,626	1,331
Profit before tax	2,278	1,571
Tax Expenses (a) Fringe Benefit Tax	23	26
(b) Current Tax	646	210
(c) Deferred Tax	115	409
Profit after Tax	1,494	926
Balance Brought Forward	509	323
Profit available for appropriation	2,003	1,249
Appropriations:		
Proposed Dividend	255	155
Tax on Dividend	43	22
Transfer to Capital Reserve (Net of Tax)	-	62
Transfer to General Reserve - I	1,200	500
Balance Carried to Balance Sheet	505	509
Earning per share (Rs.): Basic	12.20*	8.10*
Diluted	11.67*	7.48*

\*Calculated after giving effect of issue of Bonus Shares during the year 2006-2007

## OPERATIONS

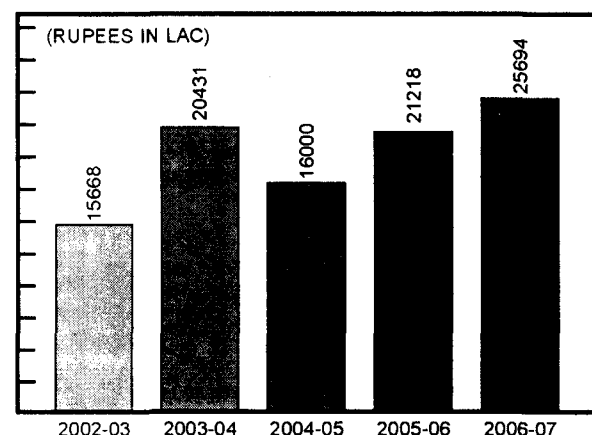
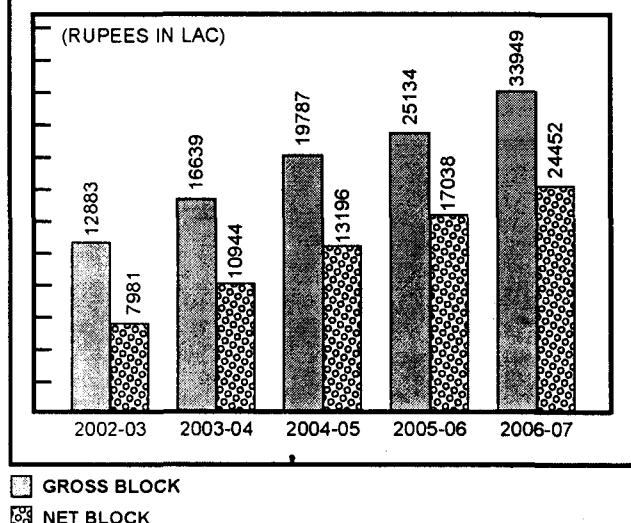
Your Company's performance in all the fields has improved significantly during the Financial Year 2006-07. The production of yarn increased to 204 lac kgs. up by 6%, production of cloth rose to 210 lac meters, up by 28 % and production of garments went up by 50%. As a result gross income of the Company at Rs.47118 lacs recorded an increase of 22.7% over the previous year. This is the second consecutive year of increase in gross income by over 20%.

The improved performance in production and sales coupled with better efficiency and margins has resulted in higher profitability also. The profit before depreciation and tax increased to Rs.3904 lacs for 2006-07 as against Rs.2902 lacs in 2005-06 i.e. up by about 35%. Profit after tax for the year 2006-07, at Rs.1494 lacs recorded 61% growth over the previous year. During the year, the company paid Rs.23 lacs as fringe benefit tax and Rs.646 lacs as Income Tax besides making a provision of Rs.115 lacs as deferred tax liability.

## EXPORTS

Your Company's performance on exports front has also improved substantially during the year; it has achieved export turn over of Rs.22442 lacs as against Rs.18630 lacs during 2005-06 an increase of 20%. During the year, the Company received duty free credit entitlement of Rs.150.55 lacs under Target Plus Scheme for its export performance during 2005-06.

The present market trend indicates good market for yarn, fabrics and readymade garments produced in India. The Textile demand in Western Countries met by European

**EXPORT (Including Deemed Export & Benefits)****FIXED ASSETS**

Countries is gradually shifting to Asia. Your Company is getting the benefit and, as a result, exports are increasing. Your Company has further attracted new customers of international repute during the year. The marketing team of the Company keeps close watch on the developments in the global textile market. The fabric design and development team brings out new products as per the customers' requirements. The Company participates in the international trade fairs to get the feed-back of the changing fashion trends and quality expectations. The Company is also making sincere efforts to penetrate new markets of South America and Africa.

**DIVIDEND**

Your Directors are pleased to recommend 20% dividend on the equity shares of the Company. The dividend, if approved by the shareholders, will absorb Rs. 255 lacs, (previous year Rs.155 lacs) besides Rs. 43 lacs payable to the Government by way of tax on dividend (previous year Rs.22 lacs). This includes the dividend payable on preferential shares, Rs. 4.63 lacs beside Rs. 0.79 lacs tax on dividend.

**INCREASE IN SHARE CAPITAL**

During the year, your Company has issued 4157138 Equity Shares as fully paid bonus shares in the ratio of 1 bonus share for every two shares held on the record date. The Company has issued 173000 preferential shares to Carreman, France.

Further, as a result of conversion of 575000 preferential warrants into equity capital at a premium of Rs.65.83 per share, the paid up share capital of the Company stands increased from Rs.776.95 lacs as on 31<sup>st</sup> March, 2006 to Rs.1424.50 lacs as on 31<sup>st</sup> March, 2007 and further to Rs.1480.75 lacs as on date.

**CHANGE IN THE LISTING STATUS**

The Equity Shares of the Company were admitted for listing by National Stock Exchange of India Ltd. on 6<sup>th</sup> April, 2007. The shareholders, at 30<sup>th</sup> Annual General Meeting, have approved the delisting of Equity Shares from the Delhi Stock Exchange Association Ltd. and Jaipur Stock Exchange Ltd. Accordingly, the shares stands delisted from both these Stock Exchanges. At present, Equity Shares of your Company are tradable at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

**EXPANSION, DIVERSIFICATION AND MODERNISATION**

The Company has invested Rs. 4613 lacs in the fixed assets during 2006-07, and capital work in progress is at Rs 4387 lacs as at 31.03.07. During the year, the Company has added 10,432 spindles and 16 Air Jet Looms to its spinning and weaving capacity.

The Process House and Laboratory have been upgraded.

The Company has taken up another expansion modernization and diversification plan with total capital outlay of Rs. 135.50 crores. This will add new production capacities of 37680 ring spindles for PV and cotton yarns, 10800 spindles for worsted yarn spinning, 52 new Tsudakoma's Air Jet looms, 10 Jacquard looms for upholstery fabric and 175000 pcs garments per month at SEZ Surat unit. Term loan requirement for this at 108.40 Crore has been tied up with the Company's bankers under TUF scheme.