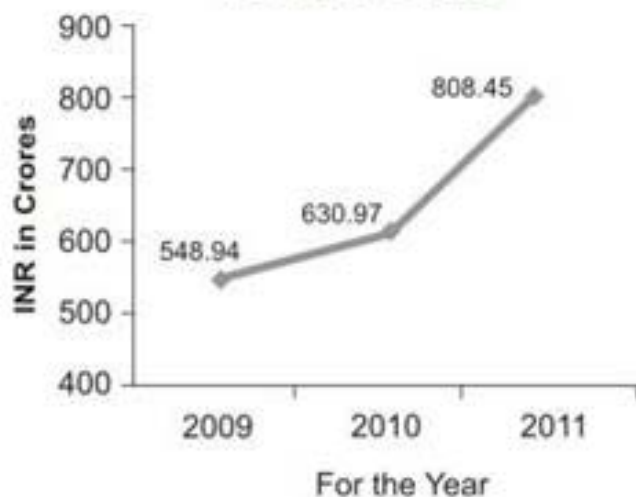


35TH ANNUAL REPORT
2010-2011

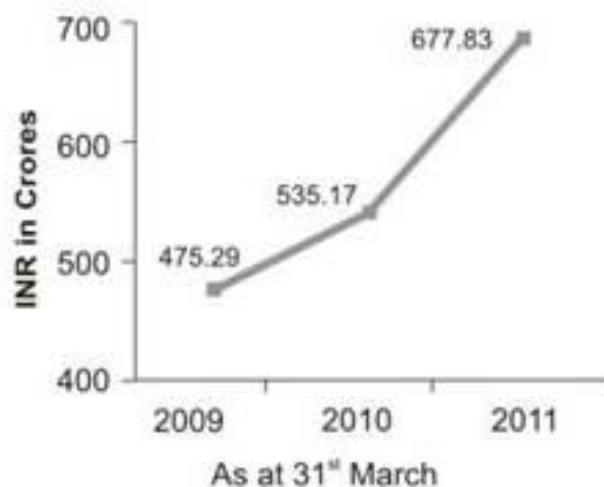


BANSWARA SYNTEX LIMITED

Total Income



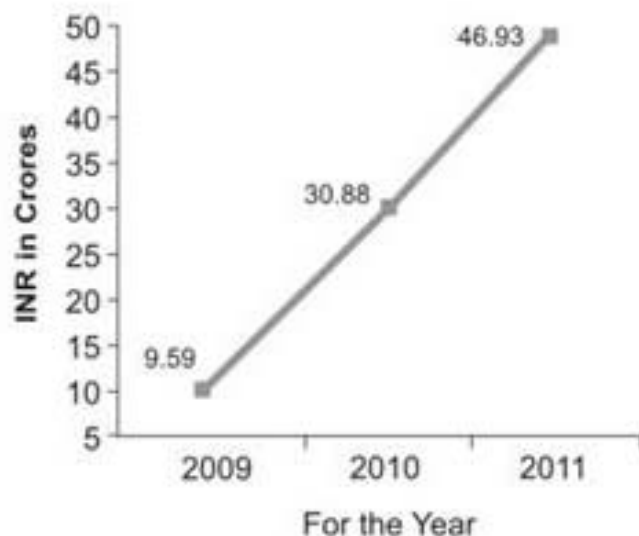
Gross Fixed Assets



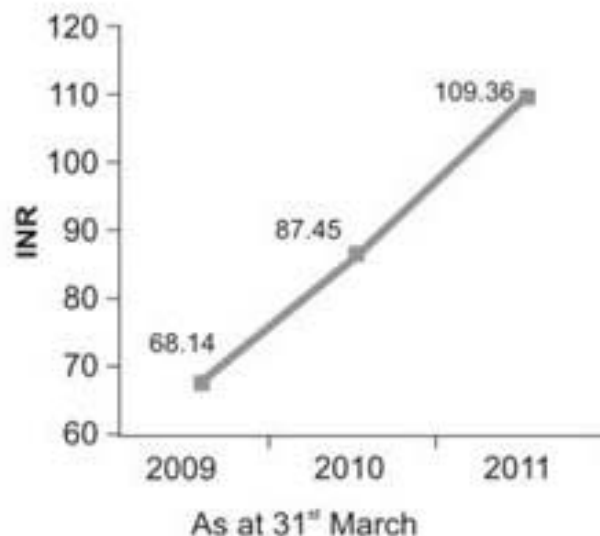
KEY HIGHLIGHTS OF 2010-11

- Total Income increased by 28.13%
- EBIDTA increased by 29.79%
- PAT more than 1.52 times.
- Basic EPS Rs.32.05
- Net Worth Rs.160 Cr.
- Net Worth and DTL Rs.190 Cr.
- Book Value of Shares Rs.109.36 per share
- Dividend 50%
 - ▶ 20% Interim in Nov-10
 - ▶ 30% Final in FY 2010-11

Profit After Tax



Book Value Per Share



**FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

TURNOVER AND PROFITS	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover (Including Export)	83,801	64,683	55,895	45,145	41,343
Exports (Including Deemed Exports & Benefits)	52,275	41,113	36,644	28,152	25,694
Profit Before Interest, Depreciation & Tax	13,899	10,709	7,698	5,120	5,685
Interest	4,246	3,302	3,629	2,373	1,781
Profit Before Depreciation & Tax	9,653	7,407	4,069	2,747	3,904
Profit After Depreciation	6,251	4,334	1,129	567	2,278
Tax – Fringe Benefits	-	-	30	29	23
Current (Net of MAT Credit Entitlement)	1,300	736	-	-	646
Deferred	294	530	140	96	115
Profit After Tax	4,693	3,088	959	442	1,494
Dividend %	50@	35	18	12	20
ASSETS AND LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	67,783	53,517	47,529	43,433	33,949
Net Fixed Assets	47,597	36,255	33,090	31,915	24,452
Net Current and Other Assets	28,444	21,747	14,401	12,421	9,596
Equity Share Capital	1,474	1,308	1,308	1,308	1,251
Preference Share Capital	173	173	173	173	173
Reserves & Surplus (Excluding Revaluation Reserve)	14,518	10,131	7,622	6,945	6,463
Net Worth	15,992	11,439	8,931	8,253	7,714
Deferred Tax Liability	3,016	2,723	2,193	2,053	1,957
Secured Loans	56,264	42,424	35,406	33,207	23,039
Other Long Term Liabilities	2,139	2,444	2,039	1,758	1,866
RATIOS					
Book Value Per Share (Rs.)	109.36*	87.45*	68.14*	62.97*	61.50*
Earning Per Share (Rs.)					
- Basic	32.05*	23.56*	7.29*	3.34*	12.02*
- Diluted	31.79*	20.92*	7.29*	3.34*	11.39*

@ Includes Interim dividend @ 20% (previous year @ 15%)

* Calculated after giving effect of issue of Bonus Shares during 2006-07.

COMPANY INFORMATIONS

BOARD OF DIRECTORS

Shri R.L.Toshniwal, Chairman & Managing Director
Shri Ravi Toshniwal, Joint Managing Director
Shri Rakesh Mehra, Whole-time Director
Shri Shaleen Toshniwal, Whole-time Director
Shri P. Kumar
Shri D.P.Garg
Shri S.B. Agarwal
Shri Vijay Kumar Agarwal
Shri Kamal Kishore Kacholia
Shri A.N. Jariwala
Shri Vijay Mehta
Shri P. K. Bhandari
Dr. R. Swaminathan, Nominee Director

EXECUTIVES

Shri S.S. Sajal, President
Shri J.K.Rathi, President (Commercial)
Shri J.K.Jain, Sr. Vice President (Finance & Commerce)
& Company Secretary
Shri S.N. Gupta, Senior Vice President (Technical)
Shri S.S. Kella, Vice President (Audit & Taxation)
Shri S.R. Jain, Vice President (Engineering)
Shri Ashok Mishra, Vice President (Technical Worsted)
Shri Nailesh Joshi, Vice President (Technical-Surat SEZ Unit)
Shri Prashant Joshi, Vice President (Processing)
Shri D.K. Menariya, Vice President (Personnel)

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,
Opp. Jehangir Art Gallery, Fort
MUMBAI-400 001
e-mail:helpdesk@computechsharecap.com
Website:www.computechsharecap.in
Phone No. (022)-22635000, 22635001
Fax : (022) - 22635005

OFFICES

REGISTERED OFFICE

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

HEAD/MARKETING OFFICE

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

DELHI OFFICE

Flat No. 204,
E-2, A.R.A. Centre
Jhandewalan Extn.
NEW DELHI-110 055

JAIPUR OFFICE

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

PLANTS

Banswara Unit (Spinning, Weaving,
Finishing & Madeups)
Industrial Area, Dohad Road
BANSWARA -327 001 (Raj.)

Daman Unit (Garment)

- 98/3,Village Kadaiya
Nani Daman
DAMAN-396 210 (U.T)
- Survey No. 713/1 ,713/2 ,713/3 ,725/2 &
725/1 Village Dabhel, Nani Daman,
DAMAN-396 210 (U.T)
- Survey No. 722/9
Village Dabhel, Nani Daman
Dist. Daman-396 210 (U.T)

Surat Unit (Garment)

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

QUALITY POLICY

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

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



NOTICE

NOTICE is hereby given that 35th Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Friday the day of 5th August, 2011 at its Registered Office at Industrial Area, Dohad Road, Banswara (Raj.) at 3.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares for the year 2010-11 and to declare a Final Dividend on Equity Shares for the year 2010-11.
3. To declare dividend on Preference shares for the year 2010-11.
4. To appoint a Director in place of Shri D.P. Garg who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.N. Jariwala who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri S.B. Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS

8. To amend the Articles of Association

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force), existing Article 122 of the Articles of Association of the Company relating to the Capitalization of Reserves be and is hereby altered by deleting the same and substituting, in place thereof, the following new Article 122 :-

122. "The Board of Directors at its meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves or any Capital Redemption Reserve Accounts or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and

standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full any un issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that, any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, be applied only in paying up un issued shares to be issued to shareholders of the Company as fully paid bonus shares."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to Managing Director and/ or to any other director / directors or any other officer / employee/ advisor of the Company, as they may, in their absolute discretion, deem necessary, proper, desirable or expedient to give effect to this Resolution."

9. Appointment of Director

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

"RESOLVED THAT Shri P.K. Bhandari, who was appointed as an Additional Director, pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from one of its Member proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Registered Office

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

By order of the Board

J.K. JAIN

Place : Mumbai
Date : 16th May, 2011

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 businesses 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, signed and 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 Books of the Company shall remain closed from 30th July, 2011 to 5th August, 2011 (both days inclusive) in connection with the payment of final dividend for the financial year 2010-11.
5. Shareholders are requested to immediately notify to the Company any change in their address.
6. Keeping in view of the new provision of Ministry of Corporate Affairs (MCA), 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 to register e-mail ID, the shareholders are requested to provide their e-mail ID to the Company duly mentioning their Folio No., Shareholder 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
7. The shareholders, who have not converted their shares in demat form, are requested to do so, in their own interest.
8. The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 10th August, 2011 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 29th July, 2011.
 - 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 29th July, 2011.
9. Members holding shares in physical form are advised

to furnish, on or before 20th July, 2011, 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.

10. The Company has declared dividends for the years 2003-04 to 2009-10. 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 the demand drafts issued in lieu thereof. As per the provisions of the Companies Act, the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund. Unpaid dividend for the year 2003-04 will be transferred to the above fund in July, 2011. Please, therefore, encash the unclaimed dividend before it is transferred to above fund.
11. 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.
12. 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.
13. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers can be made available at the meeting.

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

Item No.8

The present Article 122 of the Articles of Association of the Company confers powers upon shareholders for capitalization of reserves of the Company and distribution thereof amongst the shareholders by way of bonus shares or otherwise. In terms of provisions in regulation 95 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, a proposal for bonus issue can be implemented without the approval of shareholders and with the approval by the Board of Directors, provided there are provisions in



the Articles of Association of the Company to that effect.

In terms of provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for expeditious disposal of future bonus issues, it is recommended that powers with regard to capitalization of profits / reserves be conferred upon the Board of Directors, as now permitted under law and the Article 122 of the Articles of Association of the Company be altered as proposed in the resolution.

Directors of the Company may be regarded as interested to the extent of their shareholding in the Company.

The Directors recommend the Resolution for your approval.

Item No.9

Shri P.K. Bhandari was appointed as an Additional Director of the Company in the Board Meeting held on 6th February, 2011. As per the provisions of Section 260 of the Act, he shall hold office only upto the date of the ensuing Annual General Meeting of the Company, and is eligible for appointment as a Director.

The Company has received a Notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Shri P.K. Bhandari for the office of Director of the Company, under the provisions of Section 257 of the Companies Act, 1956 (the Act).

It will be in interest of the Company that Shri P.K. Bhandari is appointed as Director who, if appointed, shall be liable to retire by rotation in accordance with the provisions of Articles of Association of the Company.

A brief Resume of Shri P.K. Bhandari, nature of expertise in specific functional areas and names of Companies in which he holds Directorships and memberships/Chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements signed by the Company with the Stock Exchanges in India, are provided in Report of Corporate Governance forming part of the Annual Report.

Save and except Shri P.K. Bhandari, none of the other Directors of the Company are, in any way, concerned or interested in this Resolution.

The Board recommends the Ordinary Resolution for approval.

Registered Office

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

By order of the Board

J.K. JAIN

Place : Mumbai

Date : 16th May, 2011

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 35th Annual Report of the Company together with its Audited Accounts for the year ended 31st March, 2011.

FINANCIAL REVIEW

	(Rs. in Lacs)	
	This year 2010-11	Previous year 2009-10
Gross Income	83,801	64,683
Net Income	80,845	63,097
Profit before exceptional items, depreciation & tax	10,140	6,799
Profit before extra-ordinary items, depreciation & tax	9,509	6,799
Profit before depreciation & tax	9,653	7,407
Less : Depreciation	3,402	3,073
Profit before tax	6,251	4,334
Tax on Income	1,558	1,246
(a) Current Tax	1,300	736
(b) Deferred Tax	294	530
	1,594	1,266
Less : MAT Credit Entitlement	36	20
Profit after Tax	4,693	3,088
Balance brought forward	1,044	536
Excess Dividend Amount Written Back	38	-
Amount available for appropriation	5,775	3,623
Appropriations :		
Interim Dividend and Tax thereon (paid during the year)	344	229
Proposed Dividend on Preference Shares	5.19	5.19
Proposed Final Dividend on Equity Shares	439	295
Tax on Dividend	72	50
Transfer to General Reserve	3,500	2,000
Balance Carried to Balance Sheet	1,415	1,044
Earning per share (Rs) :		
Basic :	32.05	23.56
Diluted :	31.79	20.92

OPERATIONS

During the year 2010-11, your Company's performance in all the areas of operations has improved significantly. Production of synthetic yarn increased to 274 Lac Kgs., up by 7%, and that of worsted yarn increased to 12.13 Lac Kgs., up by 92%. Similarly, the production of suitings at 324 Lac Mtrs. went up by 26%. The Company's garment production also increased by about 30% to 20.45 Lac pcs. The Company also made its forays in the production of technical textiles.

During the year 2010-11, the Company's net income from operations at Rs.808 Crores recorded a growth of 28% over Rs.631 Crores in 2009-10. The Company's turnover of yarn increased by 18%, fabric by 37% and garments by 36% as compared to previous year. This conforms to the Company's future business plan for a major thrust on value-added fabric and garment business.

The profit before depreciation and tax for the year 2010-11 at Rs.96.53 Crores recorded an impressive growth of about 30%.

The profit before tax and net profit for the year at Rs.62.51 Crores and Rs.46.93 Crores were up by 44% and 52% respectively over the previous years to gives. During the current financial year, the Company has provided for the liability of entry tax and interest thereon pertaining to the financial years from 2006-07 to 2010-11. The Company has paid Rs.1300 Lacs as income tax besides providing Rs.294 Lacs as deferred tax liability for the year under report.

The basic and diluted earning per share for the year 2010-11 works out to Rs.32.05 and Rs.31.79 respectively. (Previous year Rs.23.56 and Rs.20.92).

EXPORTS

During the year 2010-11, the export turnover at Rs.461 Crores, as against Rs.367 Crores during 2009-10, recorded an increase of 26%. Your Company recorded export growth in yarn by 31% and fabric by 27%. The Company has maintained 65% share of export sales in the total turnover.

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

DIVIDEND

The Company has already paid interim dividend of Rs.2.00 per equity share in November, 2010. Your Directors are now pleased to recommend final dividend of Rs.3.00 per equity share. Thus, the total dividend is Rs.5.00 per equity share (Previous Year- Rs.3.50 per equity share) of Rs.10/- each of the Company. The dividend payout for the year would aggregate Rs.733.45 Lacs besides dividend tax of Rs.120.13 Lacs. The Company has also paid 3% dividend on preference shares.

INCREASE IN AUTHORIZED SHARE CAPITAL

During the year 2010-11, the authorized share capital of the Company was increased from Rs.25 Crores divided into 2 Crores equity shares of Rs.10/- each and 5 Lacs Redeemable Preference shares of Rs.100/- each to Rs.50 Crores divided into Four Crores Fifty Lacs Equity Shares of Rs.10/- each and Five Lacs Redeemable Preference Shares of Rs.100/- each.

On 27.04.2010, the Company has converted 16,50,000 warrants (issued on preferential basis to persons other than promoters @ Rs.41/- per warrant) into equal number of equity shares. In view of this issued share capital has increased from Rs.1,310.64 Lacs to Rs.1,475.64 Lacs.

In addition, during the year, 19160 partly paid up shares were made fully paid up, on receipt of allotment money from the concerned shareholders. In view of conversion of the above warrants and partly paid up shares into fully paid up shares, Paid up capital has increased from Rs.1,308.14 Lacs to Rs.1,474.09 Lacs.

EXPANSION, DIVERSIFICATION AND MODERNIZATION

During the year the Company has invested Rs.149.91 Crores for acquisition of fixed assets besides the capital work in progress at Rs.16.16 Crores and advances to the capital goods' suppliers of Rs.7.65 Crores as at 31st March, 2011. Capacity expansion has taken place in all the areas of



operations. The Ring spinning capacity increased by 7824 spindles, Air Jet spinning by 160 spindles, besides addition of 66 looms in weaving section, 2 stenters in finishing house and 3 No. lines of production of Trousers & Jackets. The Company discarded 3768 spindles and 22 looms, 2 looms were sold during the year. Besides this, the Company's 2nd unit of Captive Thermal Power Plant of 15 MW capacity was also commissioned in March, 2011.

The total production capacity of the Company as at 31st March, 2011 for yarn production is 141412 ring spindles including 14400 spindles for worsted yarn spinning, 736 Air Jet spindles, 248 shuttle less looms, 20 Air Jet jacquard looms, 7 stenters with processing capacity of 5 million meters a month and 2.70 Lac pieces of garments per month.

The Company has plans to invest about Rs.80 Crores for expansion and modernization of the plant during the year 2011-12. This would add 18432 ring spindles, 96 looms and 2 No. lines for garments.

JOINT VENTURE

The Joint Venture (JV) Company, Carreman Fabrics India Ltd., has a fabric weaving plant of 60 Rapier Looms of its own along with 17 additionally installed looms of your Company in its premises. Your Company has 50% stake in JV's equity share capital. The JV Company manufactures fabric on job work basis for your Company, the total production during the year 2010-11 being Rs.64.83 Lacs grey meters as against Rs.65.65 Lacs grey meters in the year 2009-10. The JV Company earned net profit of Rs.24.13 lac during 2010-11 as against Rs.46.87 Lacs during 2009-10; the shortfall in the profitability is attributed to lower productivity, increase in manufacturing expenses, repairs and employee cost.

POWER PLANT

The 2nd unit of Captive Thermal Power Plant of 15 MW capacity started generation of power from 9th March, 2011. The 1st unit of Captive Thermal Power Plant is also working satisfactorily. The total power generation capacity of the Company is now 33 MW. During the year, the Company purchased coal from South Eastern Coalfields Ltd. (SECL) against the Fuel Supply Agreement. The coal purchases from SECL have reduced the cost of power generation. The Company has also applied for sanction of Govt. coal quota for the second unit of its Power Plant.

FINANCE

During the year 2010-11, the Company availed Term Loans aggregating Rs.94.67 Crores from Banks and Financial Institutions. The Company has applied for additional term loan of Rs.29 Crores to Exim Bank to part finance company's expansion cum modernization project of Rs.36.25 Crores.

The Company's bankers has provided the need base increase working capital limit during the year.

CONTRIBUTION TO EXCHEQUER

During the year, the Company contributed Rs.4,720 Lacs to the Government Exchequer by way of Excise Duty, Service Tax, Value Added Tax (VAT), Income Tax, Dividend Distribution Tax and other payments.

SUBSIDIARY COMPANY

The Company did not have any subsidiary as on 31st March, 2011. However, it has 50% stake in equity capital of Carreman Fabrics India Ltd., a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

CORPORATE GOVERNANCE / MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

FIXED DEPOSITS

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposits from public. As on 31st March, 2011, the Company had such deposits aggregating Rs.793.64 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

The Board of Directors has, in its meeting held on 6th February, 2011 appointed Shri P.K. Bhandari as an additional Director. He holds office until the conclusion of ensuing Annual General Meeting. A proposal for his re-appointment is being placed before the Annual General Meeting for approval by the shareholders.

In accordance with the provisions of Articles of Association of the Company, Shri D.P. Garg, Shri A. N. Jariwala and Shri S.B. Agarwal, are retiring by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts for the year ended 31st March, 2011 the applicable Accounting Standards have been followed and the Notes to the Accounts are self-explanatory.
- ii. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv. The Directors have prepared the annual accounts of the Company for the year ended 31st March, 2011 on a going concern basis.

AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Board has constituted the Audit Committee which presently comprises three independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S. B. Agarwal as members.

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

AUDITORS

Statutory Auditor

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

Cost Auditor

The Central Government has approved the appointment of the M/s. K.G. Goyal & Company, Cost Accountants, Jaipur, as Cost Auditors for conducting Cost Audit for the financial Year 2010-11.

The Cost Audit Report for the year 2010-11 shall become due for filing on 27th September, 2011. The report is under process.

M/s. K.G. Goyal & Company, Cost Accountants, Jaipur, have been appointed Cost Auditors of the Company for the financial year 2011-12. They have furnished a Certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT

As regards the Auditors' observations, the relevant Notes on Accounts are self-explanatory and, therefore, do not call for any further comments, except in the matter of non payment of Service Tax and Cess thereon of Rs.26.20 Lacs and disputed liabilities of Rs.11.74 Lacs towards the excise duty and Rs.631.56 Lacs towards entry tax. The matter pertaining to service tax refunds taken by the Company are under appeal with CESTAT, New Delhi and Commissioner Appeal, Jaipur, Rajasthan. Excise duty demand is under appeal, with Hon'ble High Court Rajasthan & Joint Secretary Govt. of India while the Entry Tax case is pending with Hon'ble High Court, Rajasthan. The Company has paid Rs.201.81 Lacs on 11.04.2011 against Entry Tax Dues. The Company has also given Solvent Security Undertaking of Rs.315.28 Lacs to Commercial Taxes Department.

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

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

DEMATERIALIZATION OF SHARES

In pursuance of SEBI / Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 97.25% shares have been converted into demat form up to 31st March, 2011. 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 Rs.5,00,000/- per month or more are annexed and marked Annexure 'III,' which forms part of this report.

ACKNOWLEDGMENT

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

For and on behalf of the Board

Place : Mumbai
Date : 16th May, 2011

R. L. TOSHNIWAL
Chairman & Managing Director

ANNEXURE-I TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

I. COMPANY'S PHILOSOPHY

Banswara Syntex Limited is committed to the best governance practices and their adherence in the true spirit at all times. The Company is also committed to maintain the highest level of transparency, accountability and equity in its operation. It firmly believes that Corporate Governance is about the management and conduct of an organization based on ethical business principles and