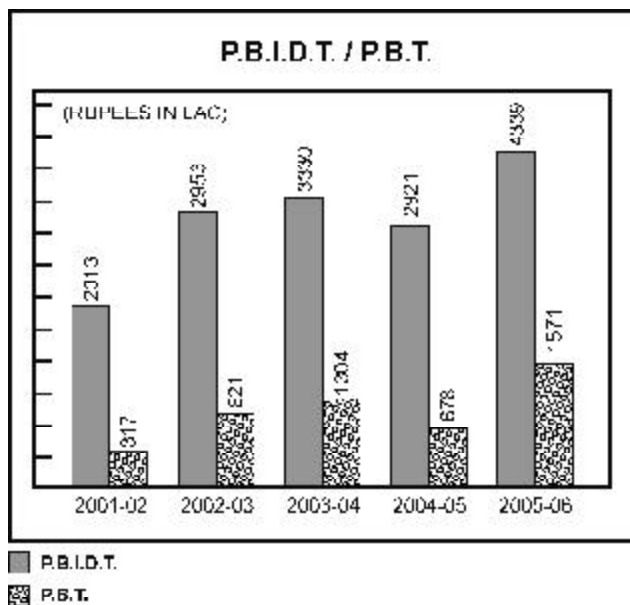
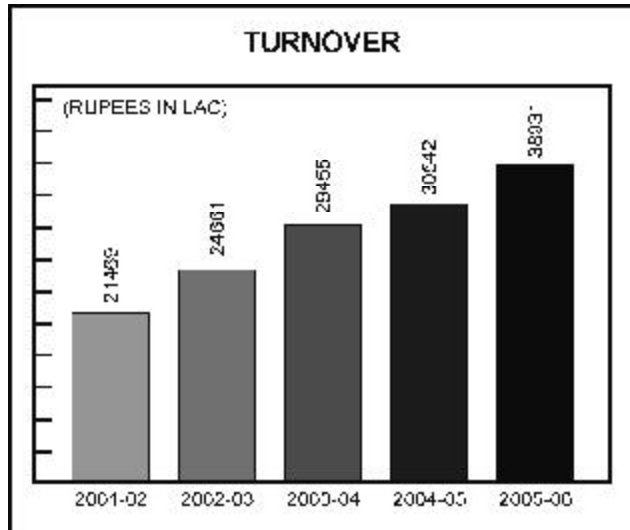


DIRECTORS' REPORT



Dear Shareholders,

Your Directors are pleased to present the 30th Annual Report covering the operating and financial performance of Banswara Syntex Limited for the year ended 31st March 2006.

FINANCIAL REVIEW

	Rs. in Lacs	
	This year 2005-06	Previous Year 2004-05
Gross Income	38,404	31,310
Profit before depreciation & tax	2,902	1,752
Less: Depreciation	1,331	1,074
Profit before tax	1,571	678
Tax Expenses (a) Fringe Benefit Tax	26	-
(b) Current Tax	210	49
(c) Deferred Tax	409	251
Profit after Tax	926	378
Balance Brought Forward	323	338
Profit available for appropriation	1,249	716
Appropriations:		
Proposed Dividend	155	82
Tax on Dividend	22	11
Transfer to Capital Reserve (Net of Tax)	62	-
Transfer to General Reserve	500	300
Balance Carried to Balance Sheet	509	323
Earning per share (Rs.): Basic	12.73	5.54
Diluted	11.26	-

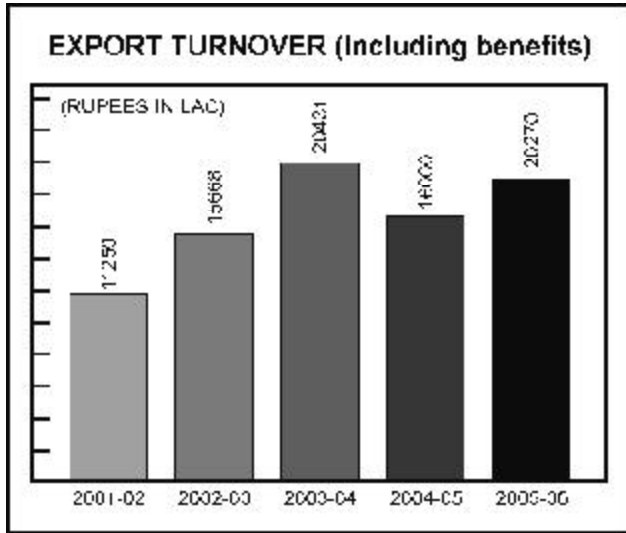
OPERATIONS

Your company's performance in all the fields has improved significantly during the financial year 2005-06. The production of yarn increased to 193 Lac Kgs., up by 26%, production of cloth rose to 164 Lac Metres, up by 16%, and as a result the gross income of the company at Rs. 38404 lacs recorded an increase by 23% over the previous year.

Your company's improved performance in production and sales is reflected in increased profitability. While the Profit before Depreciation and Tax increased to Rs. 2902 lacs as against Rs. 1752 lacs in 2004-05, the profit after tax of the company for the year 2005-06 at Rs 926 lacs registered 145% rise over the previous year. During the year under review, the company paid Rs 26 lacs as Fringe Benefit Tax, and Rs 210 lacs to the Government of India by way of income tax and has also provided Rs 409 lacs towards deferred tax.

EXPORTS

The company's performance on export front has also improved substantially. It has achieved export turnover of Rs. 18630 lacs as against Rs. 14543 lacs in 2004-05, i.e. up by 28%. During the year the company achieved 29% growth in the FOB value of exports over the previous year, as such the company is eligible for Duty Free Import Entitlement under Target Plus Scheme introduced by the Government of India. The amount of Duty Free Import Entitlement is estimated at Rs. 404 lacs and as per policy of the company this shall be taken into profit & loss account only on receipt of the licence.



The global market trend indicates good demands for fabrics and readymade garments in the coming years. The marketing team of the company keenly watches the developments in the global textile market and accordingly brings out new products as per the customers' requirement. The company also deposes its marketing personnel to participate in various international trade fairs to get the feed back of the changing fashion trends, quality expectations and also to explore new markets globally. Efforts has been made to grow markets in Latin American Countries.

INCREASE IN AUTHORISED SHARE CAPITAL

During the year under report, the authorized share capital of the company has been increased from Rs. 800 lacs divided into 78 lacs equity shares of Rs. 10/- each and 20,000 preference shares of Rs. 100/- each to Rs. 2500 lacs divided into 200 lacs equity shares of Rs. 10/- each and 5 lacs Redeemable cumulative preference shares of Rs. 100/- each.

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. 155.39 lacs, besides Rs. 21.80 lacs payable to the Government by way of tax on dividend.

ISSUE OF BONUS SHARES

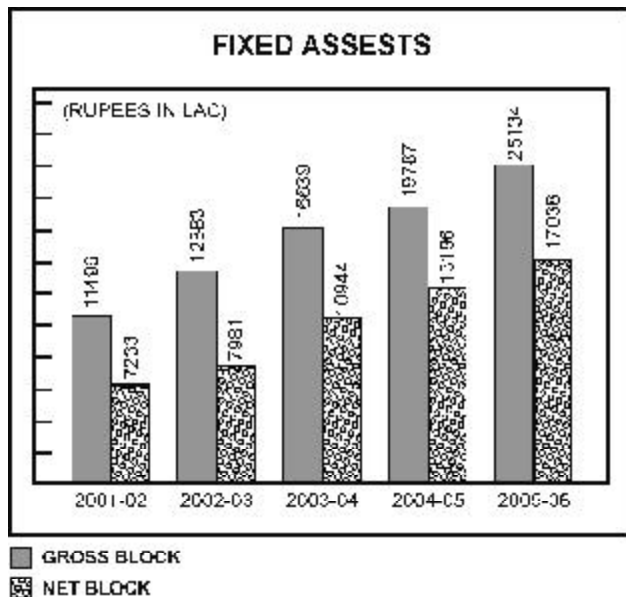
The Directors have, subject to the approval of the shareholders, approved a bonus issue of equity shares in the ratio of One equity shares of the company of Rs. 10/- each for every Two equity shares held by the shareholder of the Company as on Record Date to be fixed later. Necessary resolutions for obtaining the approval of shareholders have been incorporated in the Notice for the forthcoming Annual General Meeting of the Company.

EXPANSION AND MODERNISATION

The Company started production of cotton yarn during the year 2005-06 and has also stabilized the production of garments at its Daman Unit at 60,000 pieces per month on single shift basis.

During the year the Company has also undertaken an expansion, modernisation and diversification plan with total capital cost of Rs. 7200 lacs. This plan is under implementation. The company has been sanctioned Rs. 5760 lacs from Banks and Financial Institutions. The plan includes addition of 5760 ring spindles, 16 looms, further garment production capacity at Daman for 55000 pieces per month (single shift basis), besides installation of 18 MW power plant as a measure of cost reduction. The project will be completed by September 2006 and the power plant will start operation from February 2007.

In view of the growing demand of the textile products, the Company has proposed compact spinning technology both for cotton and synthetic yarn and additional Tsudakoma's 16 Air Jet Power Looms. The Company is also providing finance for setting up of a Garment Unit at SEZ, Surat. The Company has plans to add cotton weaving and processing in the existing product line. The Company has, therefore, modified its investment plan, and added Phase II at an additional



investment of Rs 3000 lacs. This total capital investment of Rs 10200 lacs approximately is all expected to be completed in the year 2006-2007. Banks and financial Institutions have sanctioned term loan under TUF scheme for these projects. The promoters contribution has been arranged through internal accruals.

AMALGAMATION OF BANSWARA TEXTILE MILLS LIMITED WITH THE COMPANY

As per the order of the Hon'ble High Court of Rajasthan, Jodhpur, M/s Banswara Textile Mills Ltd. amalgamated with the company with effect from 15th October, 2005. Your Directors expects that the integrated operations of both companies would yield better results in the coming years.

JOINT VENTURE WITH CARREMAN MICHEL THIERRY, FRANCE

During the year under review, the company entered into a Joint Venture Agreement with M/s Carreman Michel Thierry, France, to set up a Weaving unit at Banswara in the name of Carreman Fabrics India Ltd. with an initial production capacity of 60 looms. The total capital outlay of the company is Rs. 3675 lacs. As per the JV agreement both the JV partners have 50:50 contribution in the equity of the company.

The JV partner, M/s Carreman Michel Thierry, France, has vast experience in the field of manufacturing and marketing of fabrics and readymade garments in the USA and European countries. Their brand name "CARREMAN" is well established in Europe and the USA.

As per the agreement, Carreman Fabrics India Ltd. will weave at their plant and then get the fabric processed at the fabric-processing unit of the company. The finished cloth shall be marketed by Banswara as well as Joint Venture Company. This would substantially benefit the company's operational results. The JV Company is starting production from 01st June 2006.

POWER PLANT

At present the company meets the power requirement through its Wartsila make furnace oil based power plants of 9.70 MW capacity. The company is also having contract demand of 4500 KVA from Ajmer Vidyut Vitran Nigam Ltd. for its existing spinning, weaving and processing units at Banswara. Besides, the company is maintaining Diesel Generating sets as a standby arrangement.

The furnace oil prices have increased substantially in last two years. The generation of power through furnace oil based power plants has become costlier than state electricity. As stated earlier, the Company has planned for installation of a coal based thermal power plant of 18 MW capacity with an estimated capital outlay of Rs. 4200 lacs. It is expected to start power generation in February 2007. After commissioning the thermal power plant, the company would keep the furnace oil based power plants as standby arrangement. This will substantially reduce the power cost from 2007-2008.

FINANCE

The company has availed term loans of Rs. 2878.31 lacs during the year from Banks and Financial Institutions to fund various expansion and technology upgradation programmes. The Company's Bankers have continued to provide need-based

funds to meet the long term and short-term requirements of the company from time to time.

CONTRIBUTION TO EXCHEQUER

Your company has contributed Rs. 1970.24 lacs to the Government Exchequer by way of Excise Duty, Sales Tax, Income Tax, Dividend Tax, TC Cess and other levies.

SUBSIDIARY COMPANY

The Company has no subsidiary as on 31st March 2006.

CORPORATE GOVERNANCE

Your Company has always believed that Corporate governance is more a way of business life than a mere legal compulsion. We believe in application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibilities for sustainable development of all stakeholders.

The Company has in place an identifiable system of good Corporate Governance. As required under the listing agreement with the stock Exchanges a separate report on Corporate Governance of the Company and Management discussion and analysis is annexed to this report as Annexure-I. A certificate from Auditors of the Company regarding compliance of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is appended to the Report on Corporate Governance.

FIXED DEPOSITS

The Company has not issued any advertisement for inviting fixed deposit from the public. However, it continues to accept deposit from public. As on 31st March, 2006, your Company had such deposits aggregating Rs. 738.28 lacs. Deposits, which matured during the year, were either renewed or paid. All the interest and principal dues are being paid regularly. The Company has duly complied with the provisions of Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri D. S. Alva, Shri A. N. Jariwala and Shri D.P. Garg are retiring by rotation and, being eligible, offer themselves for re-appointment. Shri Shaleen Toshniwal, who was director of the company, has been appointed as Wholtime Directors of the company to hold the office with effect from 1st November, 2005. The requisite approval of shareholders is being sought to increase the remuneration of S/Shri R.L. Toshniwal, Ravi Toshniwal, Rakesh Mehra and Shaleen Toshniwal.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. The Directors have selected such Accounting Policies and applied them consistently and made judgements 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 on 31st March 2006 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 on a going concern basis.

AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Company has constituted Audit Committee comprising three independent Directors, viz. Shri D.S.Alva, Chairman, Shri Parduman Kumar and Shri Kamal Kishore Kacholia.

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

AUDITORS

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 also furnished a Certificate to the effect that the re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT

As regards Auditors' observations, the relevant notes on account are self-explanatory and, therefore, do not call for any further comments.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of 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, 92.68% shares had been converted in demat form as on 31st March, 2006. 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 relation between the management and staff/workers remained harmonious and cordial as before. The Directors place on record their deep appreciation for the devoted services of the workers, staff and the executives.

As required by the provision of Section 217 (2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975, as amended, the particulars of employees of the company who were in receipt of remuneration of Rs.2,00,000/- per month or more are annexed and marked Annexure 'III', which forms part of this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, various Central & State Government Departments, Customers and Suppliers during the year under review. The Directors express their profound thanks to the shareholders for their continued support and goodwill and they look forward to the future with confidence.

For and on behalf of the Board

Place : Mumbai
Dated : May 11, 2006

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 role and responsibilities among different participants in the organization, such as, the Board, managers, shareholders and other stakeholders and spells out rules and procedures for making decisions on corporate affairs. By doing this, it also provides a mechanism through which the company objectives are set, the means to achieve those objectives defined and the process of monitoring performance is delineated.

I. COMPANY'S PHILOSOPHY

Banswara Syntex has always believed that Corporate governance is more a way of business life than a mere legal compulsion. It is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibilities for sustainable development of all stakeholders. The company needs to be responsive to the aspirations of customers and expectations of the society. Here, the customer is not only a buyer, but every constituent who interacts with the Company, including its shareholders. It always strives for excellence in quality of goods and services with the twin objective of enhancing customer satisfaction and shareholders' value. The Company's Board of Directors supports the broad principle of good corporate governance and lays strong emphasis on transparency, accountability and integrity in functioning of the Company.

In terms of clause 49 of Listing Agreement, requisite particulars of Corporate Governance in the company furnished hereunder:-

II. BOARD OF DIRECTORS

The present Board of Directors comprises of 12 members. It includes four whole time directors, viz. Chairman & Managing Director,

Joint Managing Director and two Whole Time Directors and Eight Non-Executive Directors. 2/3rd of the Board strength is of independent Directors. The Non-Executive Independent Directors are eminent professionals with long experience in business and industry, finance and public enterprises. The independent directors are not related to the promoter directors. The Board provides leadership, strategic guidance, objective and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The Directors do not have any pecuniary relationship with the Company except to the extent of the following :

- (a) Wholetime Directors - Remuneration as per the terms of appointment and reimbursement of expenses actually incurred.
- (b) Non-Executive Directors - Reimbursement of expenses and payment of sitting fee for the Board/Committee meetings attended by them.

Seven Board Meetings were held during the year 2005-2006 i.e. on 25th May, 2005, 26th July, 2005, 24th August, 2005, 8th October, 2005, 29th October, 2005, 17th January, 2006 and 27th March, 2006. The frequency and quorum etc. at these meetings were in conformity with the provisions of the Companies Act, 1956. All the Board members and the senior management personnel have affirmed compliance with the Code of conduct as on 31st March, 2006.

A. Composition of the Board of Directors as on 31.03.2006 and attendance at the Board Meetings during the year.

Name of the Directors	Attendance at last AGM	No. of Board meetings held	No. of Board meetings Attended	Category of Director	No. of directorship in other Public Limited Companies	No. of other Board Committees of which member/ Chairman
Shri R.L.Toshniwal	Yes	7	7	ED	3	2
Shri Ravi Toshniwal	Yes	7	6	ED	1	-
Shri Rakesh Mehra	No	7	6	ED	1	-
Shri Shaleen Toshniwal*	Yes	7	4	ED	-	-
Shri D.S.Alva	Yes	7	5	NED	3	4
Shri P.Kumar	No	7	6	NED	1	4
Shri A.N. Jariwala	No	7	3	NED	1	1
Shri Kamal K..Kacholia	No	7	6	NED	1	1
Shri Vijay Mehta	No	7	5	NED	4	1
Shri D.P. Garg	Yes	7	7	NED	1	-
Shri S.B. Agarwal	Yes	7	4	NED	1	1
Shri Vijay Agarwal	No	7	3	NED	-	-

ED- Executive Director, NED- Non Executive Director

* Appointed as Whole-time Director with effect from 1st November, 2005.

B. Board Procedure

The members of the Board are provided with the requisite information mentioned in the Listing Agreements well before the Board Meetings and the same is dealt with, appropriately.

The Board of Directors considers all the matters, which are statutorily required to be considered by them. In addition, following issues are also discussed at the meetings of the Board of Directors :

- Overall strategy and business plans.
- Annual operating and capital expenditure budgets and periodical review thereof.
- Investment/expansion/modernization/diversification plans of the Company.
- Compliance with statutory/regulatory requirements and review of major pending legal issues.
- Approval of quarterly/half yearly/annual results (after review by Audit Committee)
- Significant labour problems, if any.
- Transactions pertaining to acquisition/disposal of fixed assets/related party transactions.
- Major accounting practices, provisions and write-offs.
- Foreign exchange exposure and risks.
- Issues regarding mergers and amalgamation joint venture, collaboration, etc. with any other Company.
- General industrial environment and developments related to textile industry in particular.
- Review of working of various committees of the Board.

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

III. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2005-06

1. Appointment of Shri R.L. Toshniwal, Chairman & Managing Director was approved by shareholders for 5 years from 1st August, 2004 to 31st July, 2009.
2. Appointment of Shri Ravi Toshniwal, Joint Managing Director was approved by shareholders for 5 years from 24th August, 2002 to 23rd August, 2007.
3. Appointment of Shri Rakesh Mehra, Wholetime Director was approved by shareholders for 5 years from 1st October, 2003 to 30th September, 2008.
4. Appointment of Shri Shaleen Toshniwal, Wholetime Director was approved by the Board of Directors in its meeting held on 29.10.2005 for 5 years from 1st November, 2005 to 30th September, 2010.

The remuneration to Executive/Whole-time Directors is determined by the Board of Directors (since there was no remuneration committee till 27-03-2006) and approved by the Shareholders. Remuneration of Shri Shaleen Toshniwal, Wholetime Director to be approved by shareholders in the ensuing Annual General Meeting. No remuneration is paid to the Non Executive Directors except sitting fees and reimbursement of out-of-pocket expenses. The remuneration paid to each Director during the period from 1st April 2005 to 31st March 2006 is as under:-

(i) Executive Directors

(Rs. in lacs)

S. No.	Name of Directors	Salary (Including commission, if any)	Perquisites (Including PF)
1	Shri R.L. Toshniwal	30.27	7.07
2	Shri Ravi Toshniwal	27.14	6.55
3	Shri Rakesh Mehra	27.17	8.77
4	Shri Shaleen Toshniwal	23.65	1.40

(ii) Non-Executive Directors

(Rs. in lacs)

S. No.	Name of Directors	Amount
1	Shri D.S. Alva	0.55
2	Shri P. Kumar	0.60
3	Shri A.N. Jariwala	0.13
4	Shri Kamal K. Kacholia	0.43
5	Shri Vijay Mehta	0.25
6	Shri D.P. Garg	0.68
7	Shri S.B. Agarwal	0.19
8	Shri Vijay Agarwal	0.14
9	Shri Shaleen Toshniwal @	0.10
10	Shri Y.S.Das*	0.09
11	Dr. Ramakant*	0.12
12	Shri Rajsingh Nirwan*	0.12
13	Shri Satish Kumar Sodhani*	0.03

@ Appointed as Wholetime Director w.e.f. 01.11.2005.

* Directors in e.BTML

Details of Shareholding of Directors as on 31st March 2006.

S. No.	Name of Directors	Number of Shares
1.	Shri R.L. Toshniwal	5,62,778
2.	Shri Ravi Toshniwal	5,68,977
3.	Shri Rakesh Mehra	10,000
4.	Shri Shaleen Toshniwal	6,10,275
5.	Shri D.P. Garg	500

The Company has not issued any convertible debentures. However Shri R.L. Toshniwal and Shri Shaleen Toshniwal has subscribed to the preferential allotment of warrants, each warrant convertible in to one equity share.

IV. COMMITTEES OF THE BOARD

The Committees appointed by the Board focus on specific areas and make informed decisions within the delegated authority. The Committees also make specific recommendations to the Board on various matters from time-to-time. All decisions and recommendations of the Committees are placed before the Board for approval. The Company has four Board-level Committees:

A. AUDIT COMMITTEE

The Audit Committee has been constituted as per section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges. The management is responsible for the company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with the generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has constituted the Audit committee to Oversee financial reporting process, reviewing periodical financial results, statements and adequacy of internal control systems, Audit committees also review the periodic internal and statutory auditors reports.

Minutes of meetings of the Audit committee are circulated to members of the committee and the Board is kept apprised.

COMPOSITION :

Audit Committee comprises 3 independent and Nonexecutive directors viz. Shri D.S. Alva (Chairman), Shri P. Kumar and Shri Kamal K. Kacholia.

MEETINGS

Four Audit Committee meetings were held during the year 2005-06 i.e. on 25th May, 2005, 26th July, 2005, 28th October, 2005 and 17th January, 2006.

The frequency and quorum, etc. at these meetings were in conformity with the provisions of Companies Act, 1956 as also Listing agreement with stock Exchanges.

ATTENDANCE

The attendance of the members at these meetings are as under :-

Name of Member	Meetings held	Number of Meetings attended
Shri D.S. Alva	4	4
Shri Parduman Kumar	4	4
Shri Kamal Kishore Kacholia	4	2

Members of the Audit committee have requisite financial and management expertise and hold/have held senior positions in other reputed organizations.

At the invitation of the Committee, representatives of various departments of the company, besides the Chairman & Managing Director, Whole Time Director, who are also in-charge of finance function, Statutory Auditors, Internal Auditors, Vice President (Finance & Accounts) & Company Secretary, who is also acting as the Secretary to the Committee, also attended the Audit Committee meetings to answer and clarify the points raised at the Audit Committee Meetings and generally assist the committee in its deliberations.

ROLE

The role and terms of the reference of the Audit committee cover the matters specified under Clause 49 of the Listing Agreements and under the provisions of Section 292A of the Companies Act, 1956.

The Audit committee have following powers:

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advices.
- iv) To secure attendance of outsiders with relevant expertise, if considered necessary.

B. INVESTORS' GRIEVANCES COMMITTEE

The Investors' Grievances Committee is empowered to perform all the functions of the Board in relation to handling of Shareholders Grievances.

The Committee primarily focuses on:

- Review of investor complaints and their redressal
- Review of the queries received from the investors

COMPOSITION :

The Investors' Grievances Committee comprises 3 Independent and Non Executive Directors, viz. Shri D.S. Alva (Chairman), Shri P. Kumar and Shri Kamal K. Kacholia.

The Board has also appointed Shri J.K. Jain, Vice President (F & A) & Company Secretary, as the compliance officer of the committee.

MEETINGS

During the year 2005-06, three meetings of the committee were held i.e. on 25th May, 2005, 8th October, 2005 and 27th March, 2006.

During the year 2005-06, twenty-four complaints were received from the shareholders/investors and all these were resolved to the satisfaction of the complainants.

ATTENDANCE

The attendance of the members at these meetings was as under:-

Name of Member	Meetings held	Number of Meetings attended
Shri D.S. Alva	3	3
Shri Parduman Kumar	3	3
Shri Kamal Kishore Kacholia	3	1

DISPOSAL OF COMPLAINTS

The shareholders' complaints are being promptly attended to and disposed off well within one month. The details of shareholders' complaints received and resolved during the year as under :-

Nature of Complaint	No. of complaints pending at the beginning of the year	No. of complaints received during the year	No. of complaints attended during the year	Range of No. of days taken to reply the complaints (if it exceeds 15 days, pls. specify)	No. of complaints not resolved at the end of the year
Non-receipt of Dividend	0	10	10	<15 days	0
Non-receipt of Shares lodged for Transfer	0	14	14	<15 days	0
Others	0	0	0	<15 days	0

C. REMUNERATION COMMITTEE

The Board of Directors of the Company at their meeting held on 27th March, 2006 have constituted a Board level Remuneration Committee. Shri D.S.Alva (Chairman), Shri P.Kumar and Shri D.P.Garg were nominated as the members of this committee. No meeting of the Remuneration Committee was held during the financial year 2005-06. After the constitution of the Remuneration Committee all the decisions regarding remuneration of four Whole-time Directors will be taken by this Committee.

The remuneration paid to the Whole-time directors were approved by the Board of the Directors and shareholders of the company except for the remuneration paid to Shri Shaleen Toshniwal, Whole-time Director, which is subject to approval by the shareholders in the ensuing Annual General Meeting.

Non-executive Directors are being paid sitting fee of Rs. 5000/- for each meeting of the Board of Directors or Committee there of attended by them. However, in case of share transfer committee meeting, sitting fee is Rs. 1500/- for each meeting attended by the members.

D. SHARE TRANSFER COMMITTEE

The Share Transfer Committee looks into the redressal of shareholder requests like transfer of shares, transmission of shares etc.

The Committee primarily focuses on :

- To scrutinize the share transfer application forms received by the Company and if found in order in all respects, to register transfers of shares in the Register of Members of the Company;
- To register the various documents as mentioned above in the Register of Documents maintained by the Company;
- To approve the issue of split share certificates and new share certificates in place of defaced, torn, damaged and soiled share certificates on receipt of proper applications and other required papers and documents from the shareholders;
- To sign the share certificates and to affix the Company's Common Seal on them in accordance with the provisions of the Companies Act, the Companies (Issue of Share Certificates) Rules, 1960 and those of the Articles of Association of the Company;and
- To take all other consequential and incidental actions and measures.

COMPOSITION :

Share Transfer Committee comprises 3 Directors, viz. Shri R.L.Toshniwal, Chairman & Managing Director, Shri D.P.Garg and Shri Vijay Mehta.

MEETINGS

During the year 2005-06, 24 meetings of Share Transfer Committee were held. Two members constitute the quorum for each meeting.

ATTENDANCE

The attendance of the members at these meetings are as under:-

Name of Member	Meetings held	Number of Meetings attended
Shri R.L. Roshniwal	24	24
Shri D.P. Garg	24	23
Shri Vijay Mehta	24	1

V. CODE OF CONDUCT

The code of conduct for the Directors and the Employees of the Company has been laid down by the Board and the same is posted on the website of the Company.

VI. SHARE TRANSFERS

Since the Company shares are traded in the dematerialized form on the Stock Exchange, bulk of the transfers takes place in the electronic form.

For expediting transfers, the Company has appointed a common agency, M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai-400 023, for demat as well as physical transfers. The Board has delegated share transfer function to the share Transfer Committee, which is later confirmed by the Board. Physical transfers are effected within one month. The Board has designated the Company Secretary as the Compliance Officer.

A. Share holding pattern as on 31st March, 2006

Sl No.	Category	No. of Shares held	Percentage of Shareholding
1	Promoters	3896964	49.89
2	Mutual Funds and UTI	3350	0.04
3	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions)	40263	0.52
4	Foreign Institutional Investors	-	-
5	Private Corporate Bodies	1751992	22.43
6	Indian Public	1913248	24.49
7	NRIs/OCBs/Foreign Nationals	205906	2.63
8	GDR	-	-
	Grand Total	7811723	100.00

B. Distribution of Share holding as on 31st March, 2006

No. of Shares	No. of holders	% of Share holders	No. of shares holders	Voting Strength (%)
1 to 500	8545	93.00%	708698	9.07%
501 to 1000	296	3.22%	249468	3.19%
1001 to 2000	138	1.50%	213760	2.74%
2001 to 3000	55	0.60%	141166	1.81%
3001 to 4000	23	0.25%	83666	1.07%
4001 to 5000	35	0.38%	168629	2.16%
5001 to 10000	43	0.47%	332700	4.26%
10001 & above	53	0.58%	5913636	75.70%
TOTAL	9188	100.00%	7811723	100.00%

Category	Number of share holders	Share holders %	Number of Shares held	Share holding %
Physical	6118	66.59%	572062	7.32%
Electronic	3070	33.41%	7239661*	92.68%
Total	9188	100.00%	7811723	100.00%

* Include 5,50,000 equity shares allotted on 27.3.2006 not credited in the demat account of the allottees.

Note : Company has issued 15.00 lacs warrants eligible for preferential issue of one equity share against each warrant to promoters and others on payment of Rs. 75.83 per equity share including premium of Rs. 65.83 per equity share. 10% issue price was received as advance. Out of 15.00 lacs warrants, 5.50 lacs warrants have been converted into fully paid equity shares. Balance 9.50 lacs warrants are to be converted into equity shares before 7th April, 2007 on call by Board of Directors.

VII. SHAREHOLDER INFORMATION

1. 30th Annual General Meeting (to be held)

Date : 12th July, 2006
Time : 4.00 p.m.
Venue : Industrial Area, Dohad Road, Banswara – 327 001

2. Date of Book Closure

The register of members and share transfer books of the Company shall remain closed from 6th July, 2006 to 12th July, 2006 (both days inclusive).

3. Tentative Financial Calendar

First Quarter Results & Limited Review	End July, 2006
Second Quarter/ half yearly results	End Oct. 2006
Limited Review on second quarter/half yearly results	End Nov. 2006
Third Quarter Results & Limited Review	End Jan. 2007
Audited Annual Results (2006-07)	End May, 2007

4. Dividend Payment Date (Tentative) : On or after 16th July, 2006

5. Listing of Equity Shares on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Ltd., Mumbai, The Delhi Stock Exchange Association Ltd., New Delhi and Jaipur Stock Exchange Ltd., Jaipur.

The requisite listing fees have been paid for the year 2006-07 to all these Stock Exchanges.

6. Registered Office

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

7. Dematerialization of shares and liquidity :

The Company's shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL).

Shares of the company are to be delivered compulsorily in the demat form on Stock Exchanges by all investors. Shares representing 92.68% of the Paid-up Capital have so far been dematerialized by Investors. 5,50,000 shares issued on conversion of warrants are subject to lock-in period as per the SEBI guidelines, i.e, 3,75,000 shares issued to the promoters are lock-in up to 7th October, 2008 and 1,75,000 shares issued to others are lock-in up to 7th October, 2006. Thus, 85.64% shares in Demat form are in liquidity.

8. Stock Code

Number in NSDL and CDSL for equity shares	-	ISIN – INE 629 D01012
Bombay Stock Exchange Limited, Mumbai	-	503722
The Delhi Stock Exchange Association Ltd.	-	3609
The Jaipur Stock Exchange Limited	-	11

9. Market Price Data

Monthly high/low market price of the Company's ordinary shares traded on Bombay Stock Exchange Limited, Mumbai during the last financial year was as follows :-

Month	BOMBAY STOCK EXCHANGE, MUMBAI	
	High (Rs.)	Low (Rs.)
April, 2005	53.65	45.35
May, 2005	65.90	49.40
June, 2005	74.60	63.10
July, 2005	74.95	68.20
August, 2005	94.90	69.55
September, 2005	98.95	74.70
October, 2005	91.10	71.90
November, 2005	85.05	78.40
December, 2005	96.60	80.35
January, 2006	106.30	96.60
February, 2006	100.05	88.85
March, 2006	96.90	82.00

10. Address for correspondence

The Company has appointed M/s. Computech Sharecap Limited as Common Agency for share registry work both for electronic and physical modes.

Shareholders can make correspondence at the following addresses for transfer work and other grievances, if any:-

- (a) Mr. Polaad / Mrs. Anita
M/s. Computech Sharecap Ltd.
(Unit: Banswara Syntex Ltd.)
147, Mahatma Gandhi Road
Opp. Jahangir Art Gallery
Fort, MUMBAI-400 023
- (b) Registered Office :
Industrial Area, Dohad Road,
Banswara - 327 001 (Raj.)

11. Information on Shareholders' meetings

The last 3 Annual General Meetings of the Company were held as under :

Date	Time	Venue
26 th Sept., 2005	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001
13 th July, 2004	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001
24 th July, 2003	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001

12. Postal Ballot

No Postal Ballot was conducted during the year for seeking approval of shareholders in the financial year under review.

13. Non-Mandatory Requirements

The Company has not adopted any non-mandatory requirements.

14. Disclosures

The Company has entered into certain transactions with its Promoters, Directors and the Management related parties in ordinary course of business, but these transactions do not have any potential conflict with the interests of the Company at large. The company has complied with mandatory requirements of Clause 49 of Listing Agreement.

No other penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other authority on any matter related to the capital market during the year. However, in the year 2004-05 an inspection under Section 209A of the Companies Act, 1956 was carried out by the office of The Regional Director (NR), Kanpur. On the basis of inspection, the department issued default notices and same were compounded by paying compounding fees of Rs. 3000/- under Section 224(8)(b), Rs. 2000/- under Section 209 and Rs. 3000/- under Section 297 of the Companies Act, 1956.

15. Means of Communication

The company has established systems and procedures to disseminate the relevant information, in a planned way. Quarterly and half yearly results are published in Hindi & English Newspapers in Rajasthan Patrika, Jan Satta and The Financial Express

Information released to the press at the time of declaration of results is also being sent to all Stock Exchanges, where the shares of the Company are listed, for the benefit of investors. The company made a couple of presentation to analysts, institutional investors and press regarding company's results and future plans.

Management Discussion and Analysis form part of the Annual Report, which is posted to the shareholders of the Company.

16. Plant Locations

1.	Unit-I, Unit-II and Fabric Finishing Unit	Industrial Area Banswara - 327 001 (Raj.)
2.	Readymade Garment Unit "Banswara Garments"	98/3, Village Kadaiya, Nani Daman Daman - 396 210

VIII. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from its Auditors regarding compliance of conditions of Corporate Governance as stipulated in the Listing Agreements with Stock Exchanges. The said Corporate Governance Certificate is annexed to this report.

The above report has been placed before the Board at its meeting held on 11th May, 2006, the same has been duly approved.

FOR BANSWARA SYNTEX LIMITED,

Place : Mumbai
Date : 11th May, 2006

R.L. TOSHNIWAL
Chairman & Managing Director