

FINANCIAL HIGHLIGHTS

(Rs.in Lacs)

TURNOVER AND PROFITS	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover (Including Export)	64,683	55,895	45,154	41,343	34,495
Exports (Including Deemed Exports & Benefits)	41,113	36,644	28,152	25,694	21,218
Profit Before Interest, Depreciation & Tax	10,709	7,698	5,120	5,685	4,339
Interest	3,302	3,629	2,373	1,781	1,437
Profit Before Depreciation & Tax	7,407	4,069	2,747	3,904	2,902
Profit after Depreciation	4,334	1,129	567	2,278	1,571
Tax –Fringe Benefits	-	30	29	23	26
Current (Net of MAT Credit Entitlement)	716	-	-	646	210
Deferred	530	140	96	115	409
Profit after Tax	3,088	959	442	1,494	926
Dividend %	35@	18	12	20	20
ASSETS AND LIABILITIES					
Gross Fixed Assets (Net of Revaluation)	53,517	47,529	43,433	33,949	25,134
Net Fixed Assets	36,255	33,090	31,915	24,452	17,038
Net Current and Other Assets	21,747	14,401	12,421	9,596	10,016
Equity Share Capital	1,308	1,308	1,308	1,251	777
Preference Share Capital	173	173	173	173	-
Reserves & Surplus (Excluding Revaluation Reserve)	10,131	7,622	6,945	6,463	5,299
Net Worth	11,439	8,931	8,253	7,714	6,076
Deferred Tax Liability	2,723	2,193	2,053	1,957	1,841
Secured Loans	42,424	35,406	33,207	23,039	17,682
Other Long Term Liabilities	2,444	2,039	1,758	1,866	1,803
RATIOS					
Book Value Per Share (Rs.)	87.45*	68.14*	62.97*	61.50*	50.76*
Earning Per Share (Rs.)					
- Basic	23.56*	7.29*	3.34*	12.02*	8.10*
- Diluted	20.92*	7.29*	3.34*	11.39*	7.48*

@ Includes Interim dividend @ 15% .

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

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COMPANY INFORMATIONS

BOARD OF DIRECTORS

Shri R.L. Toshniwal, Chairman & Managing Director
Shri Ravi Toshniwal, Joint Managing Director
Shri Rakesh Mehra, Wholetime Director
Shri Shaleen Toshniwal, Wholetime 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
Dr. Shri 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)

AUDITORS

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

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-400 023
Email:helpdesk@computechsharecap.com
Website:www.computechsharecap.com
Phone No. (022)-22635000, 22635001

OFFICES

REGISTERED OFFICE

Industrial Area, Dohad Road
BANSWARA-327 001 (Raj.)
Email : secbsw@banswarafabrics.com
website : www.banswarasyntex.com
Phone No. (02962) 257676 to 257681
240690, 240691, 240693
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 34th Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Wednesday the day of 11th August, 2010 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 as at 31st March, 2010 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare final dividend on equity shares and also dividend on preference shares.
3. To appoint a Director in place of Shri Kamal Kishore Kacholia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vijay Mehta who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P. Kumar 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 Shaleen Toshniwal as Whole-time Director.

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shaleen Toshniwal as Whole-time Director of the Company for a further period of 3 years from 1st October, 2010 to 30th September, 2013 on terms and conditions, including remuneration, as set out below:

- (i) Salary : Rs.3,00,000 per month basic salary, which shall be increased every year on 1st April by Rs.25,000 in the scale of Rs.3,00,000-25,000 – 3,75,000.
- (ii) Commission : 1% commission on the net profit of the Company from 1st April, 2010 onward, computed in the manner laid down as per schedule XIII of 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, another 1% commission to Shri Ravi Toshniwal, Jt. Managing Director and further 1% commission to Shri Rakesh Mehra, Whole-time 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 / Mediclaim Insurance : Reimbursement of expenses actually incurred, for self and family; 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. However, only those expenses will be reimbursed which have not been reimbursed in the Mediclaim insurance policy, if any taken by the Company from time to time.
- (c) Leave Travel Concession : For self and family once in a year; 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.
- (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.10,000/- per annum.
- (f) Servant allowance : Not exceeding Rs.60,000 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 under the Companies Act, 1956.

- (a) Provident Fund : The Company's contribution to Provident Fund as per the Rules of the Company.
- (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 be liable to retire by rotation.
- (iv) Wherein any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid

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to Shri Shaleen Toshniwal subject to the applicable provisions of Schedule XIII of the said Act.

“RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of 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, Whole-time Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and are hereby individually authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution.”

8. Increase in Authorized Share Capital of the Company and alteration in the Memorandum of Association.

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

“RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, authorized share capital of the Company be and is hereby increased from Rs.25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, ranking pari passu with the existing equity shares of the Company for the purpose of issue of shares upon such terms and conditions and such rights and privileges attached thereto as the Board may determine.

“RESOLVED FURTHER THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of Memorandum of Association of the Company relating to the share capital be and is hereby altered by deleting the existing Clause and by substituting the following Clause V:

V: The Authorized Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs)

Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, with power to Board of Directors to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividend, voting right or otherwise as the regulations of the Company as originally framed or altered by special resolution from time to time.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in the best interest of the Company for giving effect to the aforesaid resolution.”

9. Increase in Authorized Share Capital of the Company and alteration in the Articles of Association.

To consider and, if thought fit, to pass, with or without modification, 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) or re-enactment(s) thereof, for the time being in force, the existing Article 4 of the Articles of Association of the Company relating to the share capital be and is hereby altered by deleting the same and substituting the following new Article 4: -

4: The Authorized Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each, with power to Board of Directors to increase the capital from time to time and divide the shares of the original or any increased capital into several classes and to attach thereto respectively, such preferential, qualified or special rights, privileges or conditions as regards capital, dividend, voting right or otherwise as the regulations of the Company as originally framed or altered by special resolution from time to time.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in the best interest of the Company for giving effect to the aforesaid resolution.”

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

By Order of the Board

Place : Mumbai
Date : 26th May, 2010

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 7th August, 2010 to 11th August, 2010 (both days inclusive) in connection with the payment of final dividend for the financial year 2009-10.
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 16th August, 2010 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 6th August, 2010.
 - 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 6th August, 2010.
8. Members holding shares in physical form are advised to furnish, on or before 26th July, 2010, 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 years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09. It has also declared interim dividend for the year 2009-10. 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. Unpaid dividend for the year 2002-03 will be transferred to the above fund in July, 2010. Please, therefore, encash the unclaimed dividend before it is transferred to above fund.
10. The Company is providing facility of Electronic Clearing Services (ECS) for payment of dividend to shareholders residing in selected Cities. Shareholders holding shares in physical form are requested to provide details of their bank account for availing ECS facility in the form being forwarded with the Annual Report. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.
11. The documents referred to in the proposed resolutions are available for inspection at the Registered office of the Company during working hours between 10.00 A.M. and 1.00 P.M. except on holidays.
12. Queries 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.7

Shri Shaleen Toshniwal, aged 33 years, is B.Sc. (Management) from U.S.A and has over 6 years experience in the field of textile industry. He is holding the post of Whole-time Director in the Company for the last 4 years. He is looking after the entire activities of Readymade garment units at Daman and Surat. His remuneration is basic salary of Rs.2,00,000 in the scale of Rs.2,00,000 – 25,000 – 2,75,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 8th August, 2007. The remuneration proposed to be paid to Shri Shaleen Toshniwal as recommended by the Remuneration Committee and approved by the Board is set out in the resolution.

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In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, Shri Shaleen 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 Shaleen Toshniwal is looking after the entire activities of Daman and Surat plants of the Company including production, exports and HRD functions.

Considering his skill, the Board is of the opinion that the services of Shri Shaleen Toshniwal as Whole-time Director are required to be availed for overall growth and development of the garment business and the Company as well.

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 in line with the excellent performance made by the Company with his dedicated services.

c) Pecuniary relationship with the Company and other managerial persons in the Company

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

Shri Shaleen Toshniwal holds 1130913 Equity Shares of Rs.10/- each in the Company, as on date of this Notice.

None of the Directors except Shri Shaleen Toshniwal himself and his relatives i.e. father, Shri R.L. Toshniwal, brother, Shri Ravi Toshniwal and brother-in-law, Shri Rakesh Mehra, are in anyway concerned or interested in the above resolution.

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

The Directors commend the above resolution for approval by shareholders.

Item No. 8 & 9

In view of the Company's proposal to expand its business activities, it is considered desirable to augment long term resources and to increase the capital inflow, which will help the Company to expand its capacity by modernizing its plant and machinery and diversifying its activities from time to time. Accordingly, it is proposed to increase the existing Authorised Share Capital of the Company from Rs.25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each to Rs.50,00,00,000/- (Rupees Fifty Crores) divided into 4,50,00,000 (Four Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Preference Shares of Rs.100/- (Rupees Hundred) each.

Pursuant to the provisions of Sections 16, 31 and 94 of the Companies Act, 1956, any proposal to increase the Authorised Share Capital requires the approval of members of the Company. Consequent to the increase in the Authorised Share Capital, it is necessary to alter the Capital Clause of the Memorandum of Association and the Articles of Association of the Company. The Ordinary Resolution in Item No. 8 and the Special Resolution in Item No. 9 seeks to make corresponding alterations in Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company to give effect to the above.

None of the Directors are interested in the aforesaid resolutions except to the extent of shares that may be allotted to them in future.

The Directors commend the passing of the above Resolutions.

The copy of current and proposed Memorandum of Association and Articles of Association is available for inspection at the Registered office of the Company during its working hours on all working days.

Registered office :

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

By Order of the Board

Place : Mumbai

Date : 26th May, 2010

J.K. JAIN

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 34th Annual Report of the Company together with its Audited Accounts for the year ended 31st March, 2010.

FINANCIAL REVIEW

	(Rs. in Lacs)	
	This year 2009-2010	Previous year 2008-2009
Gross Income	64,683	55,895
Net Income	63,097	54,894
Profit before extra-ordinary items, depreciation & tax	6,799	4,822
Profit before depreciation & tax	7,407	4,069
Less: Depreciation	3,073	2,939
Profit before tax	4,334	1,129
Tax on Income	1,246	170
(a) Current Tax	736	128
(b) Deferred Tax	530	140
(c) Fringe Benefit Tax	-	30
	1,266	298
Less : MAT Credit Entitlement	20	128
Profit after Tax	3,088	959
Balance brought forward	536	608
Profit available for appropriation	3,623	1,567
Appropriations :		
Interim Dividend and Tax thereon (paid during the year)	230	-
Proposed Final Dividend	300	241
Tax on Dividend	50	41
Transfer to General Reserve	2,000	750
Balance Carried to Balance Sheet	1,044	536
Earning Per Share (Rs) : Basic	23.56	7.29
Diluted	20.92	7.29

OPERATIONS

During the year 2009-10, your Company's performance realed new heights, both in terms of gross income and profitability. The net income from operations during the year at Rs.631 crores went up by 15% over Rs.549 crores achieved in 2008-09. The production of yarn increased by 11%, fabrics by 15% and garments by 45%. The Company also started production of technical fabrics during the year. There is good scope for further increase in production all along the value chain.

Profit before depreciation and tax for the year 2009-10 at Rs.7,407 lacs recorded in impressive growth of 82% over Rs.4,069 lacs of 2008-09. The profit before tax and net profit for the year worked out to Rs.4,334 lacs and Rs.3,088 lacs, i.e. up by 284% and 222% respectively over the previous year. The Company has paid Rs.736 lacs as income tax besides providing Rs.530 lacs as deferred tax liability for the year under report.

The basic and diluted Earning Per Share (EPS) for the year 2009-10 works out to an all time high of Rs.23.56 and Rs.20.92 respectively.

EXPORTS

During the year 2009-10, the export turnover at Rs.36,674 lacs as against Rs.32,759 lacs during 2008-09, recorded an increase of 12% mainly due to increase of 15% in yarn exports. The Company has increased production and export of readymade garments and as such the export growth in garments was more than 48% over the year 2008-09.

During the year under report, your Company added few more important customers of world repute. The Company's marketing as well as, design and development teams participated in the international trade fairs to acquaint themselves with the latest market trends and acquire better understanding of the customers requirements. The Company has developed a design studio for fabrics and garments to boost the export sales by introducing new designs. It is continuously making efforts to attract the new customers domestically and internationally.

DIVIDEND

The Company has already paid interim dividend of Rs.1.50 per equity share in January, 2010. Your Directors are now pleased to recommend final dividend of Rs.2.00 per equity share. Thus, the total dividend is Rs.3.50 per equity share (previous year- Rs.1.80 per equity share) of Rs.10/- each of the Company. The dividend payout for the year would aggregate Rs.490.85 lacs besides dividend tax of Rs.82.29 lacs. The Company has also paid 3% dividend on preference shares.

INCREASE IN SHARE CAPITAL

During the year 2009-10, the Company issued 16,50,000 warrants on preferential basis to persons other than promoters @ Rs.41 per warrant based on the prevailing rules and regulations.

The Board of Directors, in its meeting held on 27th April, 2010 has converted these warrants into an equal number of equity shares, as per the terms of issue of these warrants. Accordingly, the equity share capital of the Company has increased to 1,47,56,361 equity shares of Rs.10/- each.

EXPANSION, DIVERSIFICATION AND MODERNIZATION

During the year under review, the Company has added fixed assets of Rs.4,585 lacs besides-the-capital work-in-progress of Rs.828 lacs and advances to capital goods suppliers of Rs.1,622 lacs as at 31.03.10. These expenses were incurred on expansion, diversification and modernization of all the areas of its operations viz. spinning, weaving, finishing and readymade garments.

The Company has made investment of Rs.2,280 lacs in spinning for modernization and replacement of spindles, Rs.447 lacs on fabric weaving for replacing 20 looms, and Rs.951 lacs on fabric processing facility adding various value adding machines suitable for technical fabrics and increase in the processing capacity by about one million meter a month besides Rs.907 lacs in readymade garments division for 4 additional lines for trousers and 1 line for production of Jack-ets at Daman and Surat.

The total production capacity of the Company as at 31st March, 2010 for yarn production is 133588 ring spindles, including 14400 spindles for worsted yarn spinning, 576 air jet spindles, 190 shuttleless looms, 12 air jet jacquard looms, 5 stenters with processing capacity of 4 million meters a month

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and 2.50 lac pieces of garments per month.

The Company has arranged the requisite funds for the expansion, diversification and modernization schemes through term loans from banks and financial institutions as well as ploughing back of internal accruals of the Company. The term loans availed during the year aggregate Rs.3,541 lacs out of which Rs.2,964 lacs were under TUFS.

The Company's ongoing expansion plan i.e. 2nd unit of captive Thermal Power Plant of 15/18 MW capacity and increase in production capacities in all the areas of its operations is under implementation. Further capital outlay expected during 2010-11 is Rs.90 crores. The means of financing the same have been fully tied up.

JOINT VENTURE

The Joint Venture Company Carreman Fabrics India Ltd., has a fabric weaving plant of 60 Rapier Looms. 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 2009-10 being 65.65 lac meters as against 62.35 lac meters in the year 2008-09. The JV Company earned net profit of Rs.46.87 lac during 2009-10 as against Rs.95.22 lac in the previous year; the shortfall in profitability is attributed to increasing power maintenance and employees cost.

POWER PLANT

The 1st unit of captive Thermal Power Plant of 15/18 MW capacity is working satisfactorily. The Company's power requirement has increased on account of expansion of capacity of various division at Banswara over the years. The Company is in the process of installation of 2nd unit of coal based Thermal Power Plant of the same capacity, which is expected to become operational in the last quarter of the current financial year, 2010-11. The Company has also signed a fuel supply agreement for purchase of coal from South Eastern Coalfields Ltd. The availability of Indian Coal at Government supply rates will reduce the cost of power generation. The Government coal supply is expected to commence from June/July, 2010.

FINANCE

During the year 2009-10, the Company availed term loans aggregating Rs.3,541 lacs from Banks and Financial Institutions. It also received increase in need based working capital from all the bankers of the Company.

CONTRIBUTION TO EXCHEQUER

During the year, your Company contributed Rs.2,478 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, 2010. 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 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, 2010, the Company had such deposits aggregating Rs.743.17 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

Appointment of Shri Shaleen Toshniwal as a Whole-time Director is expiring on 30th September, 2010. The Board of Directors, in its meeting held on 27th April, 2010 has re-appointed Shri Shaleen Toshniwal as Whole-time Director for further period of 3 years from 1st October, 2010 to 30th September, 2013. Necessary resolution for appointment of Shri Shaleen Toshniwal shall be placed before the shareholders at the forthcoming Annual General Meeting for their approval.

In accordance with the provisions of Articles of Association of the Company, Shri Kamal Kishore Kacholia, Shri Vijay Mehta and Shri P. Kumar, Directors, 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, 2010 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 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 at 31st March, 2010 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, 2010 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

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 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, except in the matter of non payment of Service Tax and Cess thereon of Rs.23.44 lacs and disputed liabilities of Rs.11.75 lacs towards the excise duty and Rs.403.61 lacs towards entry tax. While the matter pertaining to Excise duty refunds taken by the Company are under appeal with Joint Secretary, Govt. of India, Service Tax demand with CESTAT, New Delhi and Entry Tax is pending with Hon'ble High Court, Rajasthan.

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to the provisions of Section 217 (1) (e) of the Companies Act, 1956, in relation to conservation of energy, technology absorption, foreign exchange earnings and

outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'II', which forms part of this report.

DEMATERIALIZATION OF SHARES

In pursuance of SEBI / Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 95.60% shares have been converted into demat form up to 31st March, 2010. 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 by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of 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 express their grateful appreciation for the co-operation and assistance extended 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.

ANNEXURE -I TO THE DIRECTORS' REPORT

Place : Mumbai
Date : 26th May, 2010

For and on behalf of the Board
R.L. TOSHNIWAL
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

The Company adheres to good corporate practices and is constantly striving to improve by adopting emerging best practices. "Corporate Governance" is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the demonstration 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.

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 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 commitment to values. It is intended to ensure attractive returns to all stakeholders of the business based on the belief that sound Corporate Governance is pre-requisite to sustain, strengthen and enhance the investors' trust. Corporate Governance is a set of principles, processes and systems to be followed by the directors, executives and all employees of the Company for enhancement of shareholders' value while complying with the provisions of law in all dealings with Government, customers, suppliers, employees and other stakeholders.

The Company has complied with the provisions of the Code of Corporate Governance as per Clause 49 of the Listing Agreements with the Stock Exchanges. A report on the implementation of the provisions of the Corporate Governance is furnished hereunder.

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II. BOARD OF DIRECTORS

The Board of Directors of Banswara Syntex Limited is a balanced one with an optimum mix of Executive and Non-Executive Directors. The present 12 members Board of the Company includes one Managing Director and three Whole-time Directors, all from the promoter group, and eight Non-executive Independent Directors, including a Nominee Director of EXIM Bank. Thus, constituted 2/3rd of the Board's strength Independent Directors. The Non-executive Independent Directors are eminent professionals with long experience in business, industry, finance and public enterprises. The Independent Directors are not related to the promoter-Directors. The Board provides leadership, strategic guidance, objective analysis and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and accountability.

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

- (a) Managing /Whole-time Directors - Remuneration as per their terms of appointment and reimbursement of expenses actually incurred for the business of the Company, within the approved terms and conditions.
- (b) Non-executive Independent Directors - Reimbursement of expenses and payment of sitting fees for the Board/ Committee meetings attended by them.

Eight Board meetings were held during the year 2009-10 i.e. on 30th April, 2009, 29th May, 2009, 18th July, 2009, 30th July, 2009, 29th August, 2009, 31st October, 2009, 5th January, 2010 and 19th January, 2010. 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, 2010.

A. Composition of the Board of Directors as on 31.03.2010 and attendance at the Board/ Committees meetings during the year:

Name of the Directors	Attendance at last AGM	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	8	ED	3	1
Shri Ravi Toshniwal	Yes	7	ED	2	-
Shri Rakesh Mehra	Yes	8	ED	1	-
Shri Shaleen Toshniwal	No	7	ED	-	-
Shri D.S. Alva*	No	Nil	NEID	2	-
Shri P. Kumar	Yes	8	NEID	1	4
Shri A.N. Jariwala	No	4	NEID	2	1
Shri Kamal Kishore Kacholia	No	7	NEID	1	-
Shri Vijay Mehta	No	6	NEID	5	-
Shri D.P. Garg	No	4	NEID	1	-
Shri S.B. Agarwal	No	6	NEID	3	5
Shri Vijay Kumar Agarwal	No	4	NEID	2	-
Dr. Shri R. Swaminathan (Nominee Director of EXIM Bank)	No	7	NEID	1	-

ED- Executive Director, NEID- Non Executive Independent Director

* Up to 24.06.2009-expired on 25.06.2009

B. Board Procedure

The members of the Board are provided with the requisite information mentioned in the Listing Agreements well before the Board meetings.

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

- Annual operating and capital expenditure budgets and periodical review thereof.
- Investment/expansion/modernization/diversification plans of the Company.
- Overall strategy and business plans.
- Approval of quarterly/half-yearly/annual results (after review by Audit Committee).
- Compliance with statutory/regulatory requirements and review of major pending legal cases.
- Foreign exchange exposure and risks.
- Major accounting practices, provisions and write-offs.
- Transactions pertaining to acquisition/disposal of fixed assets and related parties.
- Review of working of various Committees of the Board.
- Issues regarding mergers and amalgamations, joint ventures, collaborations, etc. with any other Company/entity.

- Significant labour problems, if any.
- General industrial environment and developments related to textile industry, in particular.

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

Details of Shareholding of Directors as on 31st March, 2010

Sr. No.	Name of Director	Number of Shares
1.	Shri R.L. Toshniwal	10,40,054
2.	Shri Ravi Toshniwal	9,06,447
3.	Shri Rakesh Mehra	25,499
4.	Shri Shaleen Toshniwal	11,30,913
5.	Shri Vijay Mehta	20

The Company has not issued any shares/debentures to the promoters during the year.

III. COMMITTEES OF THE BOARD

Currently there are four Committees of the Board viz. Audit Committee, Remuneration Committee, Shareholders' Grievances Committee and Share Transfer Committee. The Committees appointed by the Board focus on specific areas and take informed decisions within their delegated authority. The Committees also make specific recommendations to the Board on various matters from time-to-time. Matters requiring the Board's attention/ approval are generally placed before the Board by the respective Committee's chairman. The role and composition of these Committees including the number of meetings held during the financial year, and the related attendance are provided below:

A. AUDIT COMMITTEE

OBJECTIVE :

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for 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 which assists the board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting of the company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the internal auditors and the Company's risk management policies. The Committee monitors the pending litigation against the Company as well as show cause notices received from various authorities. The Audit Committee also reviews the periodic internal and statutory auditors' reports.

Minutes of meetings of the Audit Committee are circulated to members of the Committee and placed before the Board for its confirmation.

COMPOSITION :

The Audit Committee comprises 3 Non-executive Independent Directors viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri S. B. Agarwal.

MEETINGS

Six meetings of the Audit Committee were held during the year 2009-10 i.e. on 30th April, 2009, 29th May, 2009, 30th July, 2009, 31st October, 2009, 5th January, 2010 and 19th January, 2010.

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

ATTENDANCE

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

Name of the Member	Meeting (s) held (No.)	No. of meetings attended
Shri D.S. Alva*	2	2
Shri P. Kumar	6	6
Shri Kamal Kishore Kacholia	6	5
Shri S.B. Agarwal**	5	2

* Up to 24.06.2009-expired on 25.06.2009

** Appointed w.e.f 29.05.2009

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

At the invitation of the Committee, representatives of various departments of the Company besides the Chairman & Managing Director, Whole-time Director-in-charge of finance function, Statutory Auditors, Internal Auditors, Sr. Vice President (F&C) & Company Secretary who also acts as the Secretary to the Committee, attend the Audit Committee meetings to answer the queries if any and clarify the points raised at the meetings and generally assist the Committee in its deliberations.

ROLE OF AUDIT COMMITTEE

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

POWERS OF AUDIT COMMITTEE :-

Powers of the Audit Committees inter alia, include.

- 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 advice.
- iv) To secure attendance of outsiders with relevant expertise, if considered necessary.

B. REMUNERATION COMMITTEE

The Remuneration Committee has been constituted as per requirement of Clause 49 of the Listing Agreements and other applicable provisions of the Companies Act, 1956.

The terms of reference of the Committee are:-

- To review, assess and recommend to the Board, the appointment of Executive/Whole-time Directors and the remuneration payable to them besides the quantum of sitting fees payable to Non-Executives Independent Directors.
- To consider and recommend human resource policies relating to compensation and performance of the key management personnel.

The terms of appointment of senior executive drawing monthly remuneration of Rs.2,50,000 and above are also approved by the Remuneration Committee.

The remuneration paid to the Whole-time Directors is recommended by the Remuneration Committee to the Board of Directors and shareholders of the Company.

COMPOSITION :

The Remuneration Committee comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar (Chairman), Shri D.P. Garg and Dr. Shri R. Swaminathan.

MEETINGS

During the year 2009-10, no meeting of the Committee was held.

C. SHAREHOLDERS' GRIEVANCES COMMITTEE

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

The Committee primarily focuses on:

- Review of investor complaints and their redressal.
- Review and consideration of the queries received from the investors and
- References, if any, received from SEBI/Stock Exchanges.

COMPOSITION :

The Shareholders' Grievances Committee Comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar (Chairman), Shri Kamal Kishore Kacholia and Shri Vijay Mehta.

The Board has also designated Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary, as the Compliance Officer of the Company for the purpose of investors' complaints/grievances.

MEETINGS

During the year 2009-10, no meeting of the Committee was held as all the eight complaints received from the shareholders/investors during the year were promptly resolved to the satisfaction of the complainants.

DISPOSAL OF COMPLAINTS

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

Nature of Complaint	No. of complaints not replied at 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)	If Pending for reply No. of days pending	No. of complaints not resolved at the end of the year
Non-receipt of Dividend	0	4	4	<15 days	0	0
Non- receipt of Shares lodged for transfer/ exchange	0	4	4	<15 days	0	0
Others	0	0	0	Not applicable	0	0

D. SHARE TRANSFER COMMITTEE

The Share Transfer Committee looks into the shareholders' requests for transfer of shares, transmission of shares, etc. held in physical form.

The Committee's primarily focus is :

- To scrutinise 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 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, 1956, 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 :

The Share Transfer Committee comprises 3 members, viz. Shri R.L. Toshniwal, (Chairman), Shri P. Kumar and Shri D.P. Garg.

MEETINGS

During the year 2009-10, 19 meetings of Share Transfer Committee were held. Two members constitute the quorum for each meeting. The meetings were held i.e. on 1st April, 09, 16th April, 09, 2nd May, 09, 16th May, 09, 18th June, 09, 1st August, 09, 1st September, 09, 16th September, 09, 1st October, 09, 16th October, 09, 17th November, 09, 1st December, 09, 16th December, 09, 1st January, 10, 16th January, 10, 1st February, 10, 19th February, 10, 2nd March, 10 and 17th March, 10.

ATTENDANCE

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

Name of Member	Meeting (s) held (No.)	No. of meetings attended
Shri R. L. Toshniwal	19	19
Shri P. Kumar	19	19
Shri D.P. Garg	19	14

IV. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2009-10

- 1) Appointment and the terms thereof, of Shri R.L. Toshniwal, Chairman & Managing Director, has been approved by the shareholders for 3 years from 1st August, 2009 to 31st July, 2012.
- 2) Appointment and the terms thereof, of Shri Ravi Toshniwal, Jt. Managing Director, has been approved by the shareholders for 5 years from 24th August, 2007 to 31st July, 2012.
- 3) Appointment and the terms thereof, of Shri Rakesh Mehra, Whole-time Director, has been approved by the shareholders for 5 years from 1st October, 2008 to 30th September, 2013.
- 4) Appointment of Shri Shaleen Toshniwal, Whole-time Director is expiring on 30th September, 2010. The Board of Directors, has in its meeting held on 27th April, 2010 re-appointed Shri Shaleen Toshniwal for further 3 years from 1st October, 2010 to 30th September, 2013. The resolution for re-appointment of Shri Shaleen Toshniwal is being put up before the shareholders in ensuing Annual General Meeting for their approval.

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The remuneration to Executive/Whole-time Directors is paid as determined/recommended by the Remuneration Committee and Board of Directors and as finally approved by the Shareholders in their meeting. Non- Executive Independent Directors are being paid Sitting fee @ of Rs. 10,000/- for each meeting of the Board of Directors or any Committee thereof except that, in case of Share Transfer Committee meetings, sitting fee is Rs.2,500/- per meeting. The remuneration paid to each Director during the period from 1st April, 2009 to 31st March, 2010 is as under :-

(i) Executive Directors (Rs. in Lacs)

Sr. No.	Name of Director	Salary	Perquisites* (including PF & Commission)
1.	Shri R.L. Toshniwal	45.00	58.67
2.	Shri Ravi Toshniwal	37.31	58.90
3.	Shri Rakesh Mehra	36.58	59.20
4.	Shri Shaleen Toshniwal	30.14	53.44

* Including provision for commission payable Rs.47.93 Lacs each

(ii) Non-Executive Independent Directors (Rs. in Lacs)

Sr. No.	Name of Director	Amount
1.	Shri D.S. Alva*	0.20
2.	Shri P. Kumar	1.88
3.	Shri A.N. Jariwala	0.40
4.	Shri Kamal Kishore Kacholia	1.20
5.	Shri Vijay Mehta	0.60
6.	Shri D.P. Garg	0.75
7.	Shri S.B. Agarwal	0.80
8.	Shri Vijay Kumar Agarwal	0.40
9.	Dr. Shri R. Swaminathan, Nominee Director of EXIM Bank	0.70

* Up to 24.06.2009-expired on 25.06.2009

V. ANNUAL GENERAL MEETINGS

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

Financial Year	Date	Time	Venue
2008-09	17 th Aug., 2009	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001
2007-08	13 th Sept., 2008	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001
2006-07	8 th Aug., 2007	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001

Special resolutions passed in the last 3 AGMs : The details of special resolutions passed during last 3 years i.e. 2007, 2008 & 2009 are as under :-

Sr. No.	AGM held on	Special Resolution Passed
1.	08.08.2007	<ol style="list-style-type: none"> 1. Re-appointment of Shri Ravi Toshniwal as Jt. Managing Director 2. Revision in remuneration payable to Shri R. L. Toshniwal, Chairman & Managing Director 3. Revision in remuneration payable to Shri Rakesh Mehra, Whole-time Director. 4. Revision in remuneration payable to Shri Shaleen Toshniwal, Whole-time Director.
2.	13.09.2008	<ol style="list-style-type: none"> 1. Re-appointment of Shri R. L. Toshniwal as Chairman & Managing Director. 2. Re-appointment of Shri Rakesh Mehra as Whole-time Director.
3.	17.08.2009	<ol style="list-style-type: none"> 1. Generation, dealing and distribution of electricity. 2. Issue of warrants on preferential basis.

POSTAL BALLOT

No postal ballot was conducted during in the year 2009-10. As on date, the Company does not have any proposal to pass any resolution by the way of postal ballot.

VI. DISCLOSURES

1. Disclosure on materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company has entered into certain transactions with its Promoters, Directors and the Management related parties in the 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 the Listing Agreements with the Stock Exchanges.

2. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related with the capital market.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market, during the year.

VII. MEANS OF COMMUNICATION

Quarterly Results : Quarterly and half yearly results are published in Hindi & English newspapers viz: Rajasthan Patrika, Dainik Bhaskar, The Financial Express, Jansatta and Economics Times.

News Releases : Information released to the press at the time of declaration of results is also being sent to BSE and NSE, where the shares of the Company are listed.

Media : Interviews of Managing Director and Joint Managing Director regarding working of the company are conducted by fairly, regularly by print as well as electronic media and published/broad cast/telecast at lines.

Periodicals : Company's news and details appear in financial papers, journals etc.

Annual Report : Annual Report containing, inter alia, Audited Annual Accounts, Directors Report and other important information is circulated to members, Management Discussion and Analysis form part of the Annual Report, which is posted to all the shareholders of the Company.

Website : The Company has a website with the name www.banswarasyntex.com which contains information regarding the shareholding pattern of the Company, investors update, history of the Company, the Company's products, its achievements and various other important news and information related to the Company's work and current events.

VIII. GENERAL SHAREHOLDER INFORMATION

1. 34th Annual General Meeting (to be held)

Date : 11th August, 2010

Time : 3.30 P.M.

Venue : Industrial Area, Dohad Road, Banswara – 327 001 (Raj.)

2. Financial Year (Tentative Calendar of events)

Financial Year : April 1, 2010 to March 31, 2011.

First Quarter Results

15th August, 2010

Second Quarter/ half yearly results & Limited Review

15th November, 2010

Third Quarter Results & Limited Review

15th February, 2011

Audited Annual Results (2010-11)

May, 2011

3. Date of Book Closure

The register of members and share transfer books of the Company shall remain closed from 7th August, 2010 to 11th August, 2010 (both days inclusive).

4. Dividend Payment Date (Tentative)

Final Dividend for the year 2009-10, if approved by the shareholders, will be paid on or after 16th August, 2010.

5. Listing of Equity Shares on Stock Exchanges

The Company's Shares are listed on :

- (i) Bombay Stock Exchange Ltd., Mumbai (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400 001

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- (ii) National Stock Exchange of India Ltd., Mumbai (NSE).
 "Exchange Plaza", Bandra-Kurla Complex,
 Bandra (E), Mumbai- 400 051

The requisite listing fees have been paid for the year 2010-11 to both the Stock Exchanges.

6. Stock Code

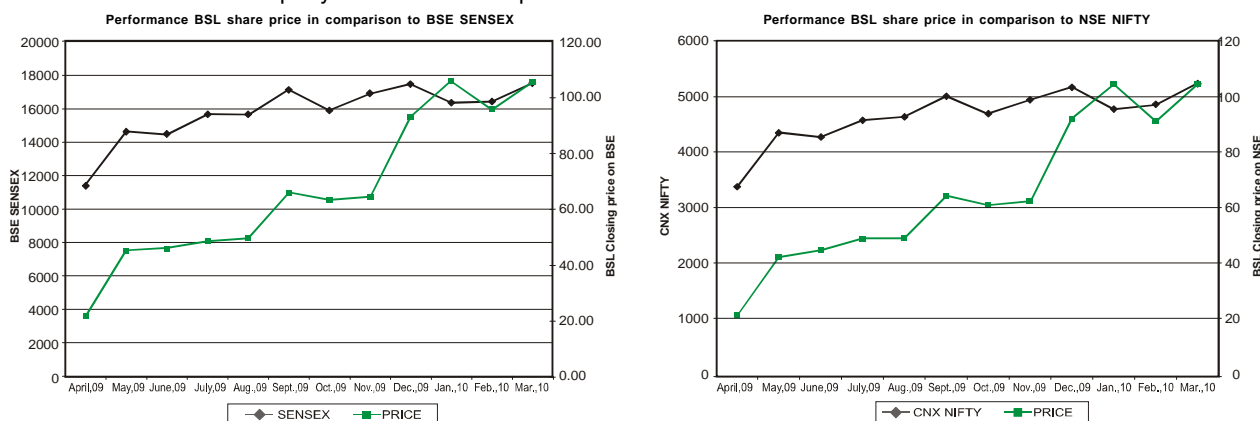
Number in NSDL and CDSL for equity shares - ISIN – INE 629 D01012
 Bombay Stock Exchange Ltd., Mumbai - 503722
 National Stock Exchange of India Ltd., Mumbai - BANSWRAS

7. Stock Market Price Data

Monthly high/low market prices of the Company's equity shares traded on Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai, during the last financial year are as follows :-

Month	BOMBAY STOCK EXCHANGE LTD.		NATIONAL STOCK EXCHANGE OF INDIA LTD.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	23.75	16.00	23.45	15.70
May, 2009	45.30	22.50	45.45	24.05
June, 2009	57.50	40.90	57.75	41.60
July, 2009	52.65	37.00	51.95	37.20
August, 2009	54.75	47.15	54.20	47.95
September, 2009	69.45	47.45	69.75	47.70
October, 2009	78.85	60.55	78.60	60.25
November, 2009	66.70	59.10	67.00	61.15
December, 2009	95.70	64.80	95.85	63.85
January, 2010	125.70	90.00	125.40	90.60
February, 2010	117.35	89.40	117.25	89.00
March, 2010	118.50	94.75	118.40	94.00

8. Performance of Company's Shares in comparison to BSE & NSE



9. Registrar & Share Transfer Agent

M/s. Computech Sharecap Limited
 (Unit: Banswara Syntex Ltd.)
 147, Mahatma Gandhi Road,
 Opp. Jehangir Art Gallery,
 Fort, MUMBAI-400 023
 Tel: 022-22635000-01, Fax: 022-22635005
 helpdesk@computechsharecap.com
 Website : www.computechsharecap.com

10. Share Transfers

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

For expediting transfers, the Company has appointed a common agency, M/s. Computech Sharecap Limited, 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai-400 023, for effecting transfers for the shares held

in both the demat as well as physical form. The Board has delegated the function related to physical transfers 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. The Company obtains, from a Company Secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under clause 47(c) of the Listing Agreements and files a copy of the certificate with the Stock Exchanges.

i. Shareholding Pattern as on 31st March, 2010

Sr. No.	Category	No. of Shares held	Percentage of Shareholding (%)
1.	Promoters	7804284	59.55
2.	Mutual Funds and UTI	4925	0.04
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions)	695	0.01
4.	Foreign Institutional Investors	-	-
5.	Private Corporate Bodies	1338630	10.21
6.	Indian Public	3602728	27.48
7.	NRIs/OCBs /Foreign Nationals	355099	2.71
8.	GDR	-	-
Grand Total		13106361	100.00

• The Company has issued 16,50,000 warrants on preferential basis to the persons other than promoters @ Rs.41/- per warrant. The issue price includes premium of Rs.31/- per warrant. The Board of Directors on 27th April, 2010 has converted these warrants into an equal number of Equity Shares. Accordingly the equity share capital of the company has increased to 1,47,56,361 Equity Shares.

ii. Distribution of Shareholding as on 31st March, 2010

(a) Number-wise

No. of Shares	No. of Shareholders	% of Share holders	No. of shares held	Voting Strength (%)
1 to 500	9974	89.80	1018371	7.77
501 to 1000	543	4.89	426712	3.26
1001 to 2000	251	2.26	381453	2.91
2001 to 3000	98	0.88	249841	1.91
3001 to 4000	54	0.49	189941	1.45
4001 to 5000	45	0.41	208406	1.59
5001 to 10000	52	0.47	391098	2.98
10001 & above	89	0.80	10240539	78.13
Total	11106	100.00	13106361	100.00

(b) Category-wise

Category	Number of shareholders	Shareholders (%)	Number of Shares held	Shareholding (%)
Physical	4616	41.56	576937	4.40
Electronic	6490	58.44	12529424	95.60
Total	11106	100.00	13106361	100.00

11. Re-appointment of Directors

(a) Whole-time Director

Tenure of appointment of Shri Shaleen Toshniwal, Whole-time Director is expiring on 30th September, 2010. The Board of Directors in its meeting held on 27th April, 2010 has reappointed Shri Shaleen Toshniwal for further period of 3 years from 1st October, 2010 to 30th September, 2013. The Resolution for re-appointment of Shri Shaleen Toshniwal is being put up before the shareholders in Annual General Meeting for their approval.

Brief particulars of Shri Shaleen Toshniwal, Whole-time Director are given below :-

Shri Shaleen Toshniwal, Whole-time Director, aged 33 years, is B.Sc. (Management) from U.S.A. and has over 6 years experience in the textile industry. He is holding the post of Whole-time Director for the last 4 years. He is looking after the entire activities of Readymade Garment units at Daman and Surat.

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Name of Public Limited Companies in which Shri Shaleen Toshniwal is Director :

Sr. No.	Name of the Company
1.	Nil

Name of Public Limited Companies in which Shri Shaleen Toshniwal is Member/Chairman of any Committee.

Sr. No.	Name of the Company
1.	Nil

(b) Non-executive Director

Three Non-executive Independent Directors are due for retirement by rotation at the ensuing Annual General Meeting and are eligible for re-appointment

Brief particulars of the Directors retiring by rotation are given below :-

- 1) Shri Kamal Kishore Kacholia, Aged 59 years, Industrialist, is on the Board of the Company for the last 29 years. Shareholding in the Company is NIL.

Name of Public Limited Companies in which Shri Kamal Kishore Kacholia is Director :-

Sr. No.	Name of the Company
1.	NTB Bowsmith Irrigation Ltd.

Name of Public Limited Companies in which Shri Kamal Kishore Kacholia is Member/ Chairman of any Committee :-

Sr. No.	Name of the Company
1.	Nil

- 2) Shri Vijay Mehta, Aged 57 years, Consultant, is on the Board of the Company for the last 29 years. Shareholding in the Company is 20 shares.

Name of Public Limited Companies in which Shri Vijay Mehta is Director :-

Sr. No.	Name of the Company
1.	Mefcom Securities Ltd.
2.	Mefcom Capital Markets Ltd.
3.	Mefcom Commodity Brokers Ltd.
4.	Mefcom Infrastructure Projects Ltd.
5.	Jaipur Stock Exchange Ltd.

Name of the Public Limited Companies, in which Shri Vijay Mehta is Member/ Chairman of any Committee.

Sr. No.	Name of the Company
1.	NIL

- 3) Shri P. Kumar, Aged 73 years, a retire Bank executive, is on the Board of the Company for the last 9 years. Shareholding in the Company is NIL.

Name of Public Limited Companies in which Shri P. Kumar is Director :-

Sr. No.	Name of the Company
1.	N.R. Agarwal Industries Ltd.

Name of Public Limited Companies in which Shri P. Kumar is Member/Chairman of any Committee.

Sr. No.	Name of the Company
1.	N.R. Agarwal Industries Ltd.

12. Relationship among Directors

Except as detailed below, other Directors do not have any relationship with each other.

Sr. No.	Name of Director	Relationship
1.	Shri R.L. Toshniwal (Chairman & Managing Director)	1. Shri Ravi Toshniwal and Shri Shaleen Toshniwal - Sons 2. Shri Rakesh Mehra - Daughter's Husband
2.	Shri Ravi Toshniwal (Joint Managing Director)	1. Shri R.L. Toshniwal - Father 2. Shri Shaleen Toshniwal - Brother 3. Shri Rakesh Mehra - Sister's Husband
3.	Shri Shaleen Toshniwal (Whole-time Director)	1. Shri R.L. Toshniwal - Father 2. Shri Ravi Toshniwal - Brother 3. Shri Rakesh Mehra - Sister's Husband

13. 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 Depository Services (India) Limited (CDSL).

Shares of the Company are to be delivered compulsorily in the demat form on Stock Exchanges by all investors. Shares representing 95.60% of the Paid-up Capital have so far been dematerialized by Investors.

14. Outstanding GDRs / ADRs / Warrants and Convertible Instruments

The Company has issued 16,50,000 warrants to persons other than promoters on preferential basis on 18th July, 2009, convertible into Equity Shares of the company. These warrants has converted into an equal number of Equity Shares by the Board of Directors on 27th April, 2010.

15. Plant Locations

1.	Banswara Syntex Ltd. Banswara Syntex Ltd. Unit – BTM Banswara Syntex Ltd. Unit - BFL Banswara Syntex Ltd. Unit - BJF	Industrial Area, Dohad Road Banswara-327 001 (Rajasthan)
2.	Banswara Syntex Limited Readymade Garment Unit - I "Banswara Garments" Readymade Garment Unit – II "Banswara Garments" Readymade Garment Unit – III "Banswara Garments"	98/3, Village Kadaiya Nani Daman Distt. DAMAN-396 210 (U.T.) Survey No.713/1, 713/2, 713/3, 725/2 and 725/1 Village Dabhel, Nani Daman Dist. Daman-396 210 (U.T.) SurveyNo.722/9 Village Dabhel, Nani Daman Dist. Daman-396 210 (U.T.)
3.	Banswara Syntex Limited Banswara Apparel.	Plot No. 5 & 6, GIDC Apparel Park SEZ Sachin SURAT – 394230 (Gujarat)

16. Registered Office

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

17. Address for correspondence

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

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

- (a) Mr. Patrick A. Butelho
M/s. Computech Sharecap Limited.
(Unit: Banswara Syntex Ltd.)
147, Mahatma Gandhi Road
Opp. Jehangir Art Gallery
Fort, MUMBAI-400 023
- (b) Registered Office:
Industrial Area, Dohad Road,
Banswara – 327 001 (Raj.)

18. Non-Mandatory Requirements under Clause 49 of the Listing Agreements

1. Remuneration Committee : The Company has Remuneration Committee and the details of which are provided in this report under section 'Committees of the Board'.
2. Shareholder's rights : The Quarterly Financial results as per clause 41 of the Listing Agreements are published in newspapers. The complete Annual Report is sent to every shareholder of the Company.
3. Audit Qualifications : Company always endeavors to present unqualified financial statements. There is no audit qualification in the Company's financial statements for the year ended 31st March, 2010.
4. Training of Board members : Directors are fully briefed on all business related matters, risk assessments and new initiatives proposed by the Company. Directors are also kept informed about the changes in the domestic/

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global corporate and industry scenario including those pertaining to statutes/legislation and economic environment.

5. Whistle Blower Policy : The Company encourages an open door policy where employees have access to the head of business/function. In terms of "Banswara Syntex Limited Code of Conduct", any instance of non-adherence to the code/any other observed unethical behaviour is to be brought to the attention of the immediate reporting authority, who shall report the same to the authority who has the final say in these matters.

IX. CODE OF CONDUCT

The Code of Conduct for the Directors and the Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company.

CEO/CFO CERTIFICATION

Certificate from CEO/ CFO for the financial year ended 31st March, 2010.

We, R. L. Toshniwal, Chairman & Managing Director and Chief Executive Officer, and Rakesh Mehra, Whole-time Director and Chief Financial Officer, of Banswara Syntex Limited certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - b. These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and ;
4. That we have informed the auditors and the Audit Committee of :
 - a. Significant changes in internal controls during the year;
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Mumbai
Date : 26th May, 2010

R.L. TOSHNIWAL
Chief Executive Officer

RAKESH MEHRA
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

For BANSWARA SYNTEX LIMITED

Place : Mumbai
Date : 26th May, 2010

R.L. TOSHNIWAL
Chairman & Managing Director

C E R T I F I C A T E

To the Members of Banswara Syntex Limited,
Banswara

We have examined the compliance of conditions of Corporate Governance by Banswara Syntex Limited for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KALANI & COMPANY
Chartered Accountants
FRN - 00722C

K.L. JHANWAR
Partner
M.No.14080

Place : Mumbai
Date : 26th May, 2010

MANAGEMENT DISCUSSION AND ANALYSIS**Disclaimer**

The shareholders are hereby cautioned that this discussion and analysis mainly comprises statements that involve predictions based on risks and uncertainties. It is the sum total of the Company's expectations, beliefs, estimates and projections, which may be termed as "forward looking" within the meaning of the existing laws. These are the management's perceptions and the actual results may differ materially from those expressed specifically or implied. The major factors which could affect the perception and projections are the changes in the Govt. regulations, demand and supply of the products, fluctuation in foreign currency exchange rates, etc.

The shareholders are cautioned not to place undue reliance on these statements and should caution themselves while considering these statements for any decision making or formation of an opinion. This should be read in conjunction with the Company's financial statements.

The core business of the Company is manufacturing and marketing of synthetic blended yarn, wool and wool mix yarn, synthetic and worsted spun fabrics, readymade garments and madeups. The Company has also started production of technical fabrics. The Company perceives good scope for increase in production and sale for this kind of fabrics.

a) **Industry Structure, its Development and Opportunity**

The Indian Textile Industry was stagnant during the period 1996-2000 and hardly any worthwhile investment was made during this period. The Government, in 2000 started the Technology Upgradation Fund (TUF), which allowed interest subsidy of 5% simultaneously, the interest rates

in general also came down and, therefore, finance became available at interest rate ranging between 4 and 6 percent per annum. This allowed the industry to expand its capacity very substantially.

Bulk of this investment has gone into expansion of spinning capacity in the wake of increased cotton production in India coupled with the profitable nature of the activity. However, the spinning industry was too much dependent on export of cotton to china and other countries on the contrary Indian yarns became more expensive on account of Rupee appreciation. China also expanded its own capacity as such, the Spinning capacity of Indian Textile Industry became surplus. Simultaneously, the World recession also started and 2008 & 2009 saw many textile mills suffering on account of this Mills incurred huge losses on account of sudden Rupee appreciation which also resulted in many mills losing considerable money. However, with the Rupee once again becoming attractive, the Indian industry has started looking up and, now, the Indian textile industry is again full of enthusiasm in expectation of increased profitability.

Investment is now being made in weaving and processing segment's; simultaneously, garmenting industry is also expanding to avail the benefit of value addition.

Textile is the 2nd largest employment generating industry in the country. Therefore, the Government is continuously extending support for growth of this segment. The Indian Textile Industry is poised for big growth in the wake of the following positive factors:

- 1) India has surplus production of cotton and with the new policy of Government in which cotton exports are discouraged and value added products are preferred, is a positive factor for Indian textile industry.
- 2) Comparatively low cost of labour in India and other Asian countries may attract more and more textile business from developed countries to this region.
- 3) India is fast becoming a preferred destination for several global brands for sourcing their requirements in the textile and apparel segments.
- 4) Indian textile industry is now known for better designs, colours and new products besides a flexible product mix which gives the customer an exclusive range.
- 5) Stable political climate, trade friendly economic laws and growing economy of India inspires confidence among the foreign buyers.
- 6) The availability of dyed viscose in the country enables the Indian industry to offer a wider range of varieties of the products.
- 7) Growing fashion consciousness all over will widen the market for the speciality designed products both within and outside the country.

The positive factors as above can be expected to drive the industry towards a positive growth. However, while considering these, it would be unfair to overlook the impact of fluctuating exchange rate i.e. USD against INR, volatile crude oil and coal prices, non-availability of trained manpower mainly for garment business and unpredictable nature of demand for supply position of the textile products.

b) Overview of the Company's performance

During the year under review, the Company has added fixed assets of Rs.4,585 lacs besides the capital work-in-progress at Rs.828 lacs and advances of Rs.1,622 lacs to capital goods suppliers as at 31.03.2010. These expenses were incurred on specific projects for expansion, diversification and modernization in all the areas of the company's operations viz. spinning, weaving, finishing and readymade garments.

The Company has made investment of Rs.2,280 lacs in spinning for modernization and replacement of spindles, Rs.447 lacs on fabric weaving replacing 20 looms, Rs.951 lacs on fabric processing value adding machines suitable for technical fabrics and increase in the processing capacity by about one million meters a month besides Rs.907 lacs on readymade garments to add 4 additional lines for trousers and 1 line for production of Jackets at Daman and Surat.

The Company has plans to consolidate and achieve optimum capacity utilization of recently installed additional production capacities like spinning of wool and wool mix yarns, cotton yarn dyeing, production of jacquard fabrics, increase in processing capacity, as also the increase in production levels of trousers and jackets. The Company has increased exports of value added fabrics and garments; the share of this segment in the total turnover has increased from 44% in 2007-08 to 50% during the year. The Company has started commercial production of Technical fabrics.

The Company is increasing consumption of self produced yarn for production of fabric and own fabric for garments. Presently, about 35% of the yarn is being consumed for fabrics. Similarly, about 15% of the fabric production is delivered to the Company's own garment units. There is good potential to increase it. The ultimate aim is to increase the share of value added textiles other than yarn to 65% of total sales.

Carreman, a French Customer, which is also JV Partner of the Company, is providing knowledge and design for new fabric development. They had so far been providing these services from their French establishments. Now, the J.V. Company is developing/upgrading a new in-house design studio and sampling dept. in India.

The Company has achieved gross turnover of Rs.64,683 lacs and net profit of Rs.3,088 lacs for the year 2009-10. The performance is likely to improve in the next year on account of capacity increases as well as emphasis on value added productions viz. fabrics, garments etc.

c) Segment-wise performance

The Company is engaged in production of Textile products having integrated working and power generation. For management purposes, the Company is organized into major operating activity of the textile products and power generation mainly for captive consumption Revenue from power generation during of the year was less than 10% of the total revenue. The Company has no activity outside India except export of textile products manufactured in India. Thereby, there is no geographical segment and no segment wise information is reported.

d) Internal control system

The Company has adequate internal audit and control system to ensure that all the transactions are authorized, recorded and reported correctly. Internal control system consists of in-house internal audit, an independent Chartered Accountant to carry out internal audits, statutory audits and in-built internal checking mechanism. The Company has Audit Committee of the Board, the composition and functions of which are given in Corporate Governance Report as part of this Annual Report.

e) Discussion on financial performance with respect to operating performance

The operating performance of the Company has been detailed in the first two paragraphs of the Directors' report under the heads 'Financial Review' and 'Operations.'

f) Developments in human resources and industrial relations

The Company's record of progress is a reflection and outcome of effective utilization/contribution of its human resources. The Company has fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously strive to improve on their efficiency. There exists a system of regular interaction between the Senior Management and operators at shop floor level which enables sharing of business information have review discussions on specific

operational problems and eliciting suggestions of the employees. The industrial relations continued to remain cordial throughout the year.

The Company has started the H.R. Course for Team Working.

g) Major events during the year

1. Developed World class fabric testing laboratory as per ISO, AATCC, ASTM, LS & Co. M&S etc. testing protocol. The laboratory has successfully achieved accreditation of levis & Co. Marks & Spencer and is undergoing ISO 17025 NABL accreditation.
2. Developed fabric designing section and created a garment studio at Mumbai for improvement in fabric and garment designs.
3. Started production of technical fabric and jacquard technical fabrics.
4. Added one more imported Italian make Stenter

alongwith other balancing/value adding machines to increase the fabric processing capacity up to 4 million meters a month.

5. Allotted 16.50 lacs warrants to persons other than promoters at a price of Rs.41/- per warrant. These warrants have since been converted into an equal number of Equity shares by the Board of Directors of the Company in its meeting held on 27th April, 2010.
6. Taken up installation of 2nd unit of power plant and project for technical textiles.
7. Finalised and commenced implementation of further expansion of Spinning, Weaving, Processing and Garmenting capacities.

h) Profit before tax

The profit before tax for the year 2009-10 at Rs.4,334 lacs works out to 6.70% of sales as against Rs.1,129 lacs, i.e. 2.02% of sales in the previous Financial Year- 2008-09.

For BANSWARA SYNTEX LIMITED

Place : Mumbai
Date : 26th May, 2010

R.L. TOSHNIWAL
Chairman & Managing Director

ANNEXURE-III TO DIRECTORS' REPORT
INFORMATION PURSUANT TO SECTION 217(2A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH, 2010

S.No.	Name of the Employee	Designation & nature of duties	Remuneration (Rs. in Lacs)	Qualifications & Experience (No. of years)	Age (Years)	Date of Commencement of employment	Previous employer designation, period of service (No. of years)
A. Employed through-out the year and were in receipt of remuneration aggregate of not less than Rs. 24,00,000/- per annum							
1.	Shri R.L.Toshniwal	Chairman & Managing Director	103.67	M.Sc.(Tex.) Leeds University England(47)	76	01.08.1977	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
2.	Shri Ravi Toshniwal	Joint Managing Director	96.21	B.Tech(Chem.Engg.) (18)	46	24.08.1992	-
3.	Shri Rakesh Mehra	Whole-time Director	95.78	F.C.A (22)	53	01.10.1993	R.R.Toshniwal Enterprises Chief Executive (5)
4.	Shri Shaleen Toshniwal	Whole-time Director	83.57	MBA (7)	33	21.10.2003	-
5.	Shri S.S. Sajal	President	35.42	B.Tech.PGDIM (40)	61	21.09.1978	Blue Nile Spinning & Wvg. Co. Ltd. Sudan Dy.wvg. Manager (8)
6.	Shri J.K. Rathi	President - Commercial	27.27	B.E. (Mech.)	59	01.06.1978	R.R. Toshniwal & Co. (P) Ltd. Manager (3)
B. Employed for a part of the year and were in receipt of remuneration of not less than Rs. 2,00,000/- per month							
—NIL—							

Notes:-

- 1) Total number of employees included in the above statement are six and the nature of their employment is contractual.
- 2) The above figures are for the twelve months period from 01.04.2009 to 31.03.2010.
- 3) Remuneration comprises salary, allowances, monetary value of perquisites and contribution to provident fund.
- 4) In addition to the above remuneration, employees are also entitled to gratuity.
- 5) Employees at Sr. No.1 to 4 are related to each other.

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AUDITORS' REPORT

TO THE MEMBERS,
BANSWARA SYNTEX LIMITED

We have audited the attached Balance Sheet of BANSWARA SYNTEX LIMITED, as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.

- 1) Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
 - ii) In our opinion, the Company has kept proper books of accounts as required by the law, so far as appears from our examination of those books.

- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report; comply with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For KALANI & COMPANY
Chartered Accountants
FRN - 00722C

Place : Mumbai
Dated : 26th May, 2010

K.L. JHANWAR
Partner
M.No.14080

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the shareholders of the BANSWARA SYNTEX LIMITED on the accounts for the year ended 31st March, 2010.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed assets of the company have been physically verified by the management during the year and there is also a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) No substantial part of fixed assets have been disposed off during the year.
- (ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Inventories with others are verified by respective party.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification

between the physical stocks and the book records were not material.

- (iii) (a) The company has not granted any unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (a) to (d) of the Companies (Auditors' Report) Order, 2003 are not applicable.
 - (b) Unsecured loans taken from 10 (Ten) persons covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.462.08 lacs outstanding at the year end and the maximum amount involved is Rs.475.20 lacs.
 - (c) Interest and other terms & conditions of loan taken are not prima facie prejudicial to the interest to the Company.
 - (d) Company is regular in payment of principal amount and interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit,

we have not observed any continuing failure to correct major weakness in internal controls system.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and according to the information and explanations given to us, no order on the company under aforesaid section has been passed by the Company Law Board.

(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has prescribed under Section 209(1) (d) of the Companies Act, 1956, the maintenance of cost records in respect of its products manufactured by the Company. We have broadly reviewed the books of account maintained and in our opinion; the prescribed accounts and records have prima facie been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, customs duty, wealth tax and excise duty which have not been deposited on account of any dispute except the following.

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	11,74,529	2003-04 to 2005-06	Joint Secretary Government of India

The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	4,03,61,395	2006-07 to 2009-10	Honourable High Court, Rajasthan
Finance Act, 1994	Service Tax	19,10,010	2006-07	CESTAT, New Delhi
Finance Act, 1994	Service Tax	4,33,528	2006-07 to 2007-08	Commissioner (Appeals), Jaipur-II

(x) There are no accumulated losses at the end of financial year. The Company has also not incurred cash losses during the financial year covered by our audit and preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has generally not defaulted in repayment of dues to a financial institution and bank.

(xii) According to information & explanations given to us, the company has not given any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund. Therefore, the provisions of clause 4 (xiii) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

(xv) According to information & explanations given to us, the company has given guarantee for Rs. 1,950.00 lacs for loans taken by Carreman Fabrics India Limited, a Joint Venture. The terms and conditions of such guarantee are not prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that the no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company has not issued debentures during the year.

(xx) The Company has not raised any money through public issue during the year.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KALANI & COMPANY
Chartered Accountants
FRN – 00722C

K.L. JHANWAR

Partner

M.No.14080

Place : Mumbai
Dated : 26th May, 2010

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BALANCE SHEET

AS AT 31st March, 2010

(Rupees in Lacs)

	Schedule	As at		As at
		31 st March, 2010	31 st March, 2010	31 st March, 2009
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	1,481.14	1,481.14	
Share Application Money		169.13	-	
Reserves & Surplus	2	<u>10,130.84</u>	<u>11,781.11</u>	<u>9,103.51</u>
Deferred Tax Liability			2,722.61	2,192.93
Loan Funds				
Secured Loans	3	42,424.36	35,405.57	
Unsecured Loans	4	<u>1,741.91</u>	<u>44,166.27</u>	<u>36,857.09</u>
			<u>58,669.99</u>	<u>48,153.53</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	51,067.44	46,886.02	
Less: Depreciation		<u>17,261.60</u>	<u>14,439.87</u>	
Net Block		33,805.84	32,446.15	
Add: Capital work-in-progress		827.69	263.28	
Add: Advance on Capital Account		<u>1,621.96</u>	<u>380.13</u>	<u>33,089.56</u>
Investments	6		667.30	663.29
Current Assets, Loans & Advances				
Inventories	7	17,668.17	12,131.20	
Sundry Debtors	8	6,154.45	5,585.31	
Cash & Bank Balances	9	506.76	626.30	
Other Current Assets, and	10	2,575.77	2,223.72	
Loans & Advances	11	<u>1,775.25</u>	<u>1,721.94</u>	
		<u>28,680.40</u>	<u>22,288.47</u>	
Less: Current Liabilities & Provisions				
Liabilities	12	5,578.12	6,265.21	
Provisions	13	<u>1,355.08</u>	<u>1,622.58</u>	
		<u>6,933.20</u>	<u>7,887.79</u>	
Net Current Assets			21,747.20	14,400.68
			<u>58,669.99</u>	<u>48,153.53</u>
Accounting Policies & Notes on Accounts	22			

Schedule 1 to 13 and notes in schedule 22 form part of this Balance Sheet.

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered Accountants
FRN - 00722C

K.L. JHANWAR
Partner
M.No. 14080

Place : Mumbai
Dated : 26th May, 2010

R.L. TOSHNIWAL
Chairman & Managing Director

J.K. JAIN
Sr. Vice President (Finance & Commerce)
& Company Secretary

RAKESH MEHRA
Wholetime Director

Directors
SHALEEN TOSHNIWAL, Wholetime Director
P. KUMAR
D.P. GARG
S.B. AGARWAL
A.N. JARIWALA
VIJAY MEHTA

**PROFIT & LOSS ACCOUNT**

FOR THE YEAR ENDED ON 31st MARCH, 2010

(Rupees in Lacs)

	Schedule		Current Year 31 st March, 2010		Previous Year 31 st March, 2009
INCOME					
Turnover	14	64,682.84		55,895.43	
Less : Excise Duty		<u>1,586.30</u>	63,096.54	<u>1,001.85</u>	54,893.58
Other Income	15		299.39		371.67
Accretion / (Decretion) to Stock	16		<u>1,685.76</u>		<u>1028.66</u>
			65,081.69		56,293.91
EXPENDITURE					
Materials	17	30,101.71		26,291.95	
Manufacturing Expenses	18	13,154.71		11,937.37	
Payments to and Provisions for Employees	19	6,739.58		5,413.09	
Administrative & Selling Expenses	20	4,972.19		4,379.55	
Financial Expenses	21	3,301.67		3,628.89	
Excise Duty on Finished goods & others		<u>13.18</u>	<u>58,283.04</u>	<u>(179.09)</u>	<u>51,471.76</u>
Profit Before Extraordinary Item, Depreciation & Tax Extraordinary Item			6,798.65 (608.42)		4,822.15 753.32
Profit Before Depreciation & Tax			<u>7,407.07</u>		<u>4,068.83</u>
Depreciation			<u>3,073.44</u>		<u>2,939.33</u>
Profit Before Tax			4,333.63		1,129.50
Taxes on Income					
Current Tax		736.50		128.18	
Deferred Tax		529.68		139.86	
Fringe Benefits Tax		-		<u>30.33</u>	
		<u>1,266.18</u>		298.37	
Less : MAT Credit Entitlement		<u>20.21</u>	<u>1,245.97</u>	<u>128.00</u>	<u>170.37</u>
Net Profit For the Year			<u>3,087.66</u>		<u>959.13</u>
Balance Brought Forward			535.60		608.02
Amount Available for Appropriations			<u>3,623.26</u>		<u>1,567.15</u>
APPROPRIATIONS					
Interim dividend & Tax thereon (Paid during the year)		229.57		-	
Proposed Dividend on Preference Shares		5.19		5.19	
Proposed Dividend on Equity Shares		294.63		235.46	
Tax on Dividend		49.80		40.90	
Transfer to General Reserve		<u>2,000.00</u>	<u>2,579.19</u>	<u>750.00</u>	<u>1,031.55</u>
Balance Carried to Balance Sheet			<u>1,044.07</u>		<u>535.60</u>
Earning Per Share Basic (Rs.)			23.56		7.29
Earning Per Share Diluted (Rs.)			20.92		7.29
Accounting Policies & Notes on Accounts	22				

Schedule 14 to 21 and notes in schedule 22 form part of this Profit & Loss Account.

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered Accountants
FRN - 00722CK.L. JHANWAR
Partner
M.No. 14080Place : Mumbai
Dated : 26th May, 2010R.L. TOSHNIWAL
Chairman & Managing DirectorJ.K. JAIN
Sr. Vice President (Finance & Commerce)
& Company SecretaryRAKESH MEHRA
Wholetime DirectorDirectors
SHALEEN TOSHNIWAL, Wholetime Director
P. KUMAR
D.P. GARG
S.B. AGARWAL
A.N. JARIWALA
VIJAY MEHTA

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SCHEDULES

Schedule 1 to 22 Annexed to and forming integral part of the Accounts for the year ended on 31st March, 2010

(Rupees in Lacs)

	As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE '1' SHARE CAPITAL		
Authorised		
2,00,00,000 Equity Shares of Rs.10 each	2,000.00	2,000.00
5,00,000 Redeemable Preference Shares of Rs.100 each	<u>500.00</u>	<u>500.00</u>
	<u>2,500.00</u>	<u>2,500.00</u>
Issued & Subscribed		
1,31,06,361 Equity Shares of Rs.10 each *	1,310.64	1,310.64
1,73,000 3% Redeemable Preference Shares of Rs.100 each	<u>173.00</u>	<u>173.00</u>
	<u>1,483.64</u>	<u>1,483.64</u>
PaidUp		
1,31,06,361 Equity Shares of Rs.10 each *	1,310.64	1,310.64
Less: Allotment money due		
From Directors	-	-
From Others	<u>2.50</u>	<u>2.50</u>
1,73,000 3% Redeemable Preference Shares of Rs.100 each	<u>173.00</u>	<u>173.00</u>
	<u>1,481.14</u>	<u>1,481.14</u>

* Of above 3,82,222 Equity Shares of Rs.10 each issued in terms of scheme of Amalgamation of erstwhile Banswara Textile Mills Limited and 43,44,638 Equity Shares were issued as fully paid up Bouns Shares by way of Capitalisation of Securities Premium Account.

SCHEDULE '2' RESERVES AND SURPLUS

Capital Reserve				
As per last Balance Sheet		202.39		202.39
Securities Premium Account				
As per last Balance Sheet	1,750.22		1,750.22	
Add : Received During the year	<u>-</u>	1,750.22	<u>-</u>	1,750.22
General Reserve				
As per last Balance Sheet	5,134.17		4,384.17	
Add: Transfer from Profit & Loss A/c	<u>2,000.00</u>	7,134.17	<u>750.00</u>	5,134.17
Profit & Loss Account		<u>1,044.06</u>		<u>535.59</u>
		<u>10,130.84</u>		<u>7,622.37</u>

	As at 31 st March, 2010	(Rupees in Lacs) As at 31 st March, 2009
SCHEDULE '3' SECURED LOANS		
Term Loans		
From Financial Institutions and Banks		
Industrial Development Bank of India	830.81	1,164.31
Bank of Baroda	2,908.10	2,580.76
Punjab National Bank	6,492.68	6,927.82
Export Import Bank of India	9,347.28	9,028.86
Union Bank of India	2,602.72	829.00
Bank of India	1,473.73	1,252.33
Axis Bank	2,500.00	2,500.00
From Others	3.40	10.18
Interest Accrued and Due on Term Loans	107.10	125.46
	<u>26,265.82</u>	<u>24,418.72</u>
Deferred Payment Credits		
Deferred payment credits under Rajasthan Sales Tax Deferment Scheme		
	<u>151.59</u>	<u>210.00</u>
Working Capital Loans from Banks		
Punjab National Bank	9,875.88	6,308.63
Union Bank of India	1,823.66	1,558.19
Bank of Baroda	2,692.57	1,570.57
Bank of India	1,614.84	1,339.46
	<u>16,006.95</u>	<u>10,776.85</u>
	<u>42,424.36</u>	<u>35,405.57</u>

Securities

For Term Loans from Financial Institutions and Banks:

Term Loans from Financial Institutions and Banks are secured by a joint equitable mortgage and/or hypothecation charges ranking pari-passu on immovable/movable properties, present and future of the Company subject to prior charges in favour of the Bankers on specified movable properties created and/or to be created for working capital facilities.

Term Loans from Financial Institutions and Banks are guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities except for term loans outstanding of Rs.750 lacs (Previous year Rs.Nil) from Export Import Bank of India & for term loan outstanding of Rs.741 lacs (Previous year Rs.821 lacs) from Export Import Bank of India, which is guaranteed only by Shri R.L. Toshniwal, Chairman & Managing Director.

For Others:

Term Loans from others are finance from HDFC Bank Ltd. and ICICI Bank Ltd. secured by way of hypothecation of Vehicle financed by them.

For Deferred Payment Credits:

Deferred payment credits under Sales Tax Deferment Scheme for Industries 1987 are secured by a joint equitable mortgage and/or hypothecation charges ranking pari-passu on immovable/movable properties procured for expansion project as prescribed under the said scheme Rs.59.10 lacs (Previous year Rs.58.37 Lacs.) are payable within one year.

For Working Capital Loans:

Working Capital Loans are secured by way of hypothecation (Floating charges) of Raw material, Dyes-Chemicals, Packing Materials, Stores & Spares, Stock-in-process, Finished goods, Book debts, Export Incentives and second charge on all the Fixed Assets of the Company and also guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities.

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		(Rupees in Lacs)	
		As at 31 st March, 2010	As at 31 st March, 2009
SCHEDULE '4' UNSECURED LOANS			
Unsecured Loans:			
Fixed Deposits :	From Directors	27.67	36.63
	From Others	<u>715.50</u>	<u>642.61</u>
		743.17	679.24
Long Term Loans :	From Bank *	532.44	308.00
	From Corporates	<u>154.66</u>	<u>154.00</u>
		687.10	462.00
Short Term Loans :	From Bank	-	-
	From Corporates	<u>311.64</u>	<u>310.28</u>
		311.64	310.28
		<u>1,741.91</u>	<u>1,451.52</u>

Note:

* Due within one year Rs.435.12 Lacs (Previous year Rs 168.00 lacs). Loan is backed by post dated cheques.

SCHEDULE '5' FIXED ASSETS

(Rupees in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION		NET BLOCK		
	As at 01.04.2009	Additions	Deductions/ Adjustment	As at 31.03.2010	For the Year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Lease Hold Land & Site Development	345.36	-	3.98	341.38	3.98	-	341.38	345.36
Free Hold Land & Site Development	47.13	59.50	-	106.63	-	-	106.63	47.13
Buildings & Road	6,737.60	1,072.23	-	7,809.83	224.50	1,163.61	6,646.22	5,798.49
Plant & Machinery	37,368.25	3,106.14	375.60	40,098.78	2,657.61	14,768.02	25,330.76	25,018.97
Building Machinery	1.38	-	-	1.38	-	1.31	0.07	0.07
Electric & Water Supply Installation	1,092.62	52.62	-	1,145.24	90.71	558.43	586.81	624.91
Furniture & Fixtures	487.68	87.34	0.75	574.27	33.22	325.19	249.08	195.66
Office Equipments	463.79	90.53	1.51	552.81	25.97	303.31	249.50	186.13
Live Stock	0.07	-	-	0.07	-	-	0.07	0.07
Vehicles	342.14	116.65	21.74	437.05	37.45	141.73	295.32	229.37
SUB-TOTAL	46,886.02	4,585.01	403.58	51,067.44	3,073.44	17,261.60	33,805.84	32,446.15
Previous Year	39,170.18	7,873.55	157.73	46,886.02	2,939.33	14,439.87	32,446.15	27,652.48
Capital Work-In-Progress							827.69	263.28
Advance on Capital Account							1,621.96	380.13
SUB-TOTAL							2,449.65	643.41
TOTAL							36,255.49	33,089.56

Note : Buildings & Road includes Rs.331.32 lacs paid for acquiring 657 equity shares of M/s Rastogi Estate & Construction Co. (Pvt.) Ltd. attached with right of ownership and possession of office building at Mumbai and Rs.324.01 lacs paid for acquiring a residential flat with 5 shares of Maker Tower "J" Co-operative Housing Society Ltd. Mumbai attached with right of ownership and possession.

	As at 31 st March, 2010	(Rupees in Lacs) As at 31 st March, 2009
SCHEDULE '6' INVESTMENT (AT COST)		
Long Term		
I. Trade		
A) Quoted		
In Equity Shares		
3,00,000 Equity Shares of Rs. 10/- each		
of Banswara Fabrics Ltd.	30.00	30.00
(Quotation not available)		
B) Unquoted		
Government & other securities		
National Savings Certificate		
(Deposited with State and Central Excise Authorities)	0.13	0.13
Investment in Joint Venture Company		
61,99,700 Equity Shares of Rs. 10/- each		
of Carreman Fabrics India Ltd.	620.07	620.07
Sub Total (I)	<u>650.20</u>	<u>650.20</u>
II. Other		
A) Quoted		
In Equity Shares		
10,114 Equity Shares of Rs. 10/- each of		
Union Bank of India	3.04	3.04
B) Unquoted		
Unit in Mutual Fund		
1,00,000 Unit @ Rs.10/- Each Principal PNB Long Term Equity		
Fund 3 Year Plan Series-II Growth Plan (NAV Rs.11.02 Per Unit)	10.00	10.00
Ask Investment Manager Pvt.Ltd.	4.01	-
Real Estate Special Opportunities Portfolio - 1		
Shares in Co.Operative Bank		
500 Equity Shares of Rs. 10/- each		
of New Indian Co-operative Bank Ltd.	0.05	0.05
Sub Total (II)	<u>17.10</u>	<u>13.09</u>
Total (I + II)	<u>667.30</u>	<u>663.29</u>
Investments aggregate value of		
Quoted Investment		
Book Value	33.04	33.04
Market Value	292.30	44.85
Unquoted Investment	634.26	630.25
SCHEDULE '7' INVENTORIES*		
(At lower of Cost or Net Realisable Value)		
Raw Material	7,302.59	3,681.48
Stores & Spares	1,072.74	842.64
Works-in-Process	1,365.74	1,014.45
Finished goods		
Yarn	2,114.01	2,269.10
Cloth Grey	1,870.50	1,696.11
Cloth Processed	3,470.78	2,086.43
Garment	<u>438.96</u>	7894.25
Waste	32.85	507.05
	<u>17,668.17</u>	<u>12,131.20</u>
* Includes:		
(i) In transit	Rs.1,290.50 Lacs (Rs.571.35 Lacs)	
(ii) With others	Rs.1,619.37 Lacs (Rs.786.80 Lacs)	

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	As at 31 st March, 2010	(Rupees in Lacs) As at 31 st March, 2009
SCHEDULE '8' SUNDRY DEBTORS (Unsecured)		
Outstanding Exceeding Six Months		
Considered Good	309.75	176.59
Considered Doubtful	115.18	125.61
	<u>424.93</u>	<u>302.20</u>
Less: Provision for Doubtful Debts	<u>115.18</u>	<u>125.61</u>
	309.75	176.59
Other Debts		
Considered Good	5,844.70	5,408.72
	<u>6,154.45</u>	<u>5,585.31</u>
 SCHEDULE '9' CASH & BANK BALANCES		
Cash on Hand	16.39	13.25
Bank Balances		
With Scheduled Banks:		
-In Fixed Deposits (Including Accrued Interest thereon)*	428.70	498.32
-Current Account	61.67	114.73
	<u>490.37</u>	<u>613.05</u>
* Fixed Deposits with interest pledged with Bankers and Government authorities Rs.378.61 Lacs (Rs.498.32 Lacs)	<u>506.76</u>	<u>626.30</u>
 SCHEDULE '10' OTHER CURRENT ASSETS		
A) RECEIVABLES AGAINST EXPORT		
Duty Entitlement Pass Book	1,007.73	629.93
Others	669.99	518.56
	<u>1,677.72</u>	<u>1,148.49</u>
B) OTHER CLAIMS RECEIVABLE		
Under TUF Scheme	843.09	1,014.54
Others	54.96	60.69
	<u>898.05</u>	<u>1,075.23</u>
	<u>2,575.77</u>	<u>2,223.72</u>
 SCHEDULE '11' LOANS AND ADVANCES		
(Unsecured-Considered Good)		
Advance recoverable in cash or in kind or for value to be received	1,145.92	1,035.82
Loans to Employees & Workers	39.38	54.56
Security Deposits with Govt. Deptt. & Others	205.69	266.48
Prepaid Expenses	170.82	141.92
MAT Credit Entitlement	213.44	193.23
Advance Income Tax and Tax deducted at source	609.44	189.31
Less : Provision for Taxation (as per contra)	<u>609.44</u>	<u>159.38</u>
	<u>1,775.25</u>	<u>1,721.94</u>

	As at 31 st March, 2010	(Rupees in Lacs) As at 31 st March, 2009
SCHEDULE '12' CURRENT LIABILITIES		
Acceptance (Guaranteed by Banks)	282.87	301.06
Sundry Creditors - Micro and Small Enterprises @	10.90	9.38
- Others	4,597.70	5,279.12
{including book overdrawn Rs.38.75 Lacs (93.27 Lacs)}		
Unclaimed Dividend	27.45	19.80
Security Deposits	24.88	30.52
Interest accrued but not due	31.20	33.66
Other Liabilities	<u>603.12</u>	<u>591.67</u>
	<u>5,578.12</u>	<u>6,265.21</u>

SCHEDULE '13' PROVISIONS			
Proposed Dividend		299.82	240.65
Tax on Dividend		49.80	40.90
Gratuity		589.66	493.03
Leave Encashment		112.27	94.68
Foreign Exchange Financial Instruments		144.90	753.32
Taxation	768.07		159.38
Less: Advance Tax and Tax deducted at source (as per contra)	<u>609.44</u>	<u>158.63</u>	<u>159.38</u>
		<u>1,355.08</u>	<u>1,622.58</u>

@ To the extent information received for status under the Micro, Small and Medium Enterprises Development Act, 2006.

	Current Year 31 st March, 2010	Previous Year 31 st March, 2009
SCHEDULE '14' TURNOVER		
Yarn	30,508.50	26,466.60
Cloth	25,852.95	23,835.97
Garment	5,850.25	4,364.81
Power	1,153.77	472.99
Waste	227.08	174.79
Fibre 44,886 Kgs.(2,00,782 Kgs.)	53.04	163.19
Scrap	165.93	137.55
Trading Goods	-	0.16
Job Income	<u>871.32</u>	<u>279.37</u>
	<u>64,682.84</u>	<u>55,895.43</u>

SCHEDULE '15' OTHER INCOME		
Interest Received	258.75	305.51
(Tax Deducted at sources Rs.35.28 Lacs Previous year Rs 55.60 Lacs)		
Rent received	3.44	3.81
Profit on sale of fixed assets	1.89	0.64
Exchange Rate Fluctuation	10.78	-
Bad Debts Recovered	-	2.38
Dividend Received	0.56	0.40
Others	<u>23.97</u>	<u>58.93</u>
	<u>299.39</u>	<u>371.67</u>

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		Current Year 31 st March, 2010	(Rupees in Lacs) Previous Year 31 st March, 2009
SCHEDULE '16' ACCRETION / (DECRETION) TO STOCK			
Closing Stock	Yarn	2,114.01	2,269.10
	Cloth (Grey)	1,870.50	1,696.11
	Cloth (Processed)	3,470.78	2,086.43
	Work-in-Process	1,365.75	1,014.45
	Waste	32.85	33.94
	Garment	438.95	507.05
		<u>9,292.84</u>	<u>7,607.08</u>
Less : Opening Stock	Yarn	2,269.10	2,409.61
	Cloth (Grey)	1,696.11	807.22
	Cloth (Processed)	2,086.43	2,058.04
	Work-in-Process	1,014.45	1,070.96
	Waste	33.94	17.10
	Garment	507.05	215.49
		<u>7,607.08</u>	<u>6,578.42</u>
		<u>1,685.76</u>	<u>1,028.66</u>
SCHEDULE '17' MATERIALS			
Raw Material Consumed			
Opening stock	3,681.48		3,344.58
Add : Purchases (Excluding for Sale/Claim)	30,571.06		24,229.08
	<u>34,252.54</u>		<u>27,573.66</u>
Less : Closing stock	7,302.59	26,949.95	<u>3,681.48</u>
			<u>23,892.18</u>
Dyes & Chemicals Consumed		1,988.56	1,555.09
Purchase :			
Cloth	225.07		235.35
Yarn	885.93		458.74
Fibre 44,886 Kgs. (2,00,782 Kgs.)	52.20		150.59
		<u>1,163.20</u>	<u>844.68</u>
		<u>30,101.71</u>	<u>26,291.95</u>
SCHEDULE '18' MANUFACTURING EXPENSES			
Stores & Spare Parts Consumed		2,022.07	1,708.30
Packing Material Consumed		878.40	780.84
Power		1,145.12	519.03
Fuels		6,095.16	6,246.10
Job Charges		2,007.83	2,167.74
Repairs to :	Plant & Machinery	731.69	383.92
	Building	229.26	102.74
	Others	45.18	28.70
		<u>13,154.71</u>	<u>11,937.37</u>
SCHEDULE '19' PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages, Allowance, Bonus etc.		5,790.49	4,681.04
Contribution to Provident & Other Funds		622.34	506.17
Workmen & Staff Welfare Expenses		326.75	225.88
		<u>6,739.58</u>	<u>5,413.09</u>

(Rupees in Lacs)
 Previous Year
 31st March, 2009

Current Year
 31st March, 2010

SCHEDULE '20' ADMINISTRATIVE, SELLING & OTHER EXPENSES
Administrative Expenses

Rent	60.70		58.95
Rates and Taxes	107.84		80.75
Managing Director's Remuneration	97.97		43.32
Directors' Remuneration	259.62		100.55
Insurance Charges	39.60		55.66
Payment to Auditors			
As Auditors			
- Fees	4.35		4.05
- Expenses	1.04		1.35
In other capacity			
- Tax Audit Fees	0.74		0.67
- Certification	3.82		1.65
- Taxation Matters	1.95		1.96
- Service tax	0.92		0.45
Directors' Fees	6.93		5.50
Travelling Expenses	69.05		51.93
Directors' Travelling Expenses	11.25		10.21
Foreign Travelling Expenses	123.78		94.21
Communication Expenses	108.44		94.07
Legal & Professional Expenses	109.83		60.89
Charity & Donation	27.33		7.80
Loss on forward exchange contracts	57.97		138.31
Loss on Sale of Fixed Assets	10.86		2.42
Exchange Rate Fluctuation	-		62.28
Miscellaneous Expenses	424.79		398.73
		1,528.78	1,275.71
Selling Expenses			
Commission to Selling Agents	1,379.56		1,238.27
Brokerage and Discounts	200.53		160.81
Freight, Octroi and Forwarding Charges	1,534.97		1,467.37
Claims	157.91		128.95
Advertisements	19.19		8.85
Provision for Doubtful Debts	63.74		45.33
Others	87.51		54.26
		3,443.41	3,103.84
		<u>4,972.19</u>	<u>4,379.55</u>

SCHEDULE '21' FINANCIAL EXPENSES

Interest on			
Term Loans	1,491.71		1,561.97
Bank & Others	1,502.99		1,667.92
		2,994.70	3,229.89
Bank & Other Charges			
		306.97	399.00
		<u>3,301.67</u>	<u>3,628.89</u>

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SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) ACCOUNTING POLICIES

1. System of Accounting and Use of Estimates

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

2. Fixed Assets

Value of Gross Block of fixed assets represent cost of acquisition, including non-refundable taxes & duties, expenditure on installations, attributable pre-operative expenses including borrowing cost and other identifiable direct expenses incurred upto the date of commencement of commercial use of the assets.

However value of gross block of fixed assets acquired upto 31.03.1985 has been stated at revalued amount as on 31.03.1986.

3. Depreciation

Depreciation on fixed assets is provided for on straight line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956. Depreciation on additions/disposals during the year is provided on pro-rata basis.

Consequent to changes made in schedule XIV, vide Notification No. GSR 756E dated 16.12.93, the company had revised the rate of depreciation. The specified period had been recomputed as suggested by the Circular dated 20.12.93 except in case of petty assets like furniture, fixture and office equipment where it is difficult to effect the changes. While adopting the revised rates, the Spinning Plant has been categorized as "Continuous Process Plant" on the basis of technical opinion obtained by the company.

Value of leasehold land is amortized over the period of its lease.

4. Valuation of Inventories

Inventories are valued at Lower of Cost or Net Realisable Value. Cost is measured on First In First Out basis.

5. Turnover

- i) Turnover are inclusive of excise duty, refund and other related realization but exclusive of value added tax charged.
- ii) Job income included in turnover, is accounted for on delivery of finished goods inclusive of excise duty.

6. Investments

Long Term Investments are carried at cost. Whereas, Current Investments are carried at lower of Cost or Net Realisable Value. In case of Long Term Investments, other than temporary diminution in the value of investment is provided for.

7. Benefits Receivable Against Export and Its Obligation

Unutilized credits, entitlements under Duty Entitlements Pass Book (DEPB) schemes are accounted for in the year of export at market value.

8. Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the day of the transactions.
- ii) Monetary items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward contracts are translated at the rate ruling at the date of transactions as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transactions such difference having been recognized over the life of the contract. Foreign exchange financial instruments in hand at the year end are valued at mark to market.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

9. Employees' Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- ii) Retirement and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of retirement and other long term benefits are charged to the profit and loss account.

SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)
10. Provision For Doubtful Debts

15% is being provided each year on amount outstanding over a period of 6 months.

11. Taxes on Income

Current tax is determined as the amount of tax payable to the Taxation Authorities in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets, on timing differences being difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

In respect of unabsorbed depreciation / carry forward of losses under the tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty that future taxable income will be available against which such deferred tax assets can be realized.

12. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

13. Except where stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.
B) NOTES ON ACCOUNTS
1. Contingent liabilities not provided for in respect of: -

	As at 31.03.2010	As at 31.03.2009
		(Rupees in Lacs)
a) Bills discounted with banks remaining outstanding		
i) Against foreign LC	4,615.09	5,158.54
ii) Others	1,210.28	844.05
b. Letter of Credit established with banks		
i) Revenue account	812.51	26.18
ii) Capital account	2,723.70	-
c. Guarantees given by the bankers on behalf of the company for which FDRs Rs.31.39 lacs (Rs.19.39 lacs) pledged with them.	306.14	173.60
d. Guarantees given by Company to Banks for loan to Carreman Fabrics India Ltd. [Outstanding as on 31.03.2010 Rs.1,592.28 Lacs (previous year Rs.1,757.59 Lacs)]	1,950.00	1,950.00
e. Claims against the company not acknowledged as debt: -		
(a) Under Tax Laws	577.74	455.85
(b) By Others:		
(i) On Revenue account	4.99	4.24
(ii) On Capital account	Nil	Nil

There is no reimbursement possible on account of contingent liabilities.

2. Estimated amount of contracts remaining to be executed on Capital account Rs.6,443.46 lacs (Rs.2,486.84 lacs) and export obligation against EPCG licenses Rs.14,378.00 lacs (previous year Rs.13,141.95 lacs). The Company has also committed to contribute Rs.25.00 lacs to Real Estate Opportunity Portfolio-1 out of which Rs.5.00 lacs is paid.
3. Advances includes amount due from officers of the Company Rs. Nil (Nil) with maximum debit balance Rs.2.44 lacs (Rs.1.13 Lacs). Debtors include Rs. Nil (Nil) due from directors with maximum balance of Rs. Nil (Rs. Nil). It also includes Rs. Nil (Nil) due from a partnership firm with maximum balance of Rs. 28.45 lacs (Rs.57.32 Lacs) in which directors are partners.
4. Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.
5. Credit in respect of Minimum Alternative Tax under Income Tax Act 1961 (MAT Credit-Entitlement) is recognized in accordance with guidance note issued by the Council of the Institute of Chartered Accountants of India.

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SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

6. Disclosures as required by Accounting Standards:

A. Accounting Standard: 15 "Employee Benefits", the disclosures of Employee benefits as defined in the accounting standard are given below:

1. Defined Contribution Plan

Employer's contribution to provident fund paid Rs.453.03 Lacs (Previous year Rs.366.72 Lacs) has been recognized as expense for the year.

2. Defined Benefit Plan

Present value of gratuity and long earned leave obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each units separately to built up the final obligation. Short term earned leave encashed during the year charged to Profit & Loss Account.

	Gratuity As At		Leave Encashment As At	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	(Rupees in Lacs)			
I. Assumptions				
Mortality	LIC (1994-96) Ult		LIC (1994-96) Ult	
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in compensation	4.00%	4.00%	4.00%	4.00%
Rate of return (expected) on plan	0.80%	0.80%	0.80%	0.80%
Assets withdrawal rates				
Expected average remaining service (Years)	32.34	32.73	36.19	30.69
II. Charges in Present Value of Obligations (PVO)				
PVO at beginning of period	493.03	375.15	94.68	69.56
Interest Cost	37.18	30.37	5.98	5.29
Current Service Cost	102.43	75.62	33.13	35.54
Benefits paid	(56.53)	(35.65)	(39.92)	(14.56)
Actuarial (gain)/loss on obligation	13.55	47.54	18.41	(1.15)
PVO at end of period	589.66	493.03	112.27	94.68
III. Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss account				
PVO at end of period	589.66	493.03	112.27	94.68
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status	(589.66)	(493.03)	(112.27)	(94.68)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(589.66)	(493.03)	(112.27)	(94.68)
IV. Expense recognized in the statement of P & L A/c				
Current Service Cost	102.43	75.62	33.13	35.54
Interest Cost	37.18	30.37	5.98	5.29
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized for the period	13.55	47.54	18.41	(1.15)
Expense recognized in the statement of P & L A/c	153.16	153.53	57.51	39.68
V. Movements in the liability recognized in Balance Sheet				
Opening Net Liability	493.03	375.15	94.68	69.56
Expenses as above	153.16	153.53	57.51	39.68
Benefits paid	(56.53)	(35.65)	(39.92)	(14.56)
Closing Net Liability	589.66	493.03	112.27	94.68

B. Accounting Standard 17 - "Segment Reporting"

The Company is engaged in production of Textile products having integrated working and power generation. For management purposes, Company is organized into major operating activity of the textile products besides power generation. Revenue from power generation of the year is less than 10% of the total revenue. The company has no activity outside India except export of textile products manufactured in India. Thereby no geographical segment and no segment wise information is reported.

SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)
C. Accounting Standard 18 - "Related Party Disclosure"

The Company has identified all the related parties as per details given below:

1. Relationship :
a) Joint Venture and Associate concerns :

Carreman Fabrics India Ltd.
Banswara Fabrics Ltd.

b) Key Management Personnel and Their Enterprises:

Shri R.L.Toshniwal
Shri Ravi Toshniwal
Shri Rakesh Mehra
Shri Shaleen Toshniwal
Dhruv Impex
Mehra International

c) Relatives of Key Management Personnel and their Enterprises where transactions have taken place. :

Shri Rameshwar Lal Ravindra Kr Toshniwal HUF
Shri Ravindra Kumar Toshniwal HUF
Smt. Prem Toshniwal
Smt. Navneeta Mehra
Smt. Radhika Toshniwal
Smt. Sonal Toshniwal
Toshniwal Trust
Ms. Esha Toshniwal
Shri Dhruv Toshniwal

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

2. Transactions carried out with related parties referred in 1 above, In ordinary course of business:

(Rupees in Lacs)

Nature of Transaction	Related Parties					
	Referred in 1(a) above		Referred in 1(b) above		Referred in 1(c) above	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
SALES						
Cloth	6.40	0.61	2.84	21.43	-	-
Yarn	5.22	-	25.61	45.30	-	-
PURCHASE						
Cloth	271.86	186.01	-	-	-	-
Yarn	0.05	-	-	-	-	-
JOB CHARGES						
Weaving	1,007.00	1,119.15	-	-	-	-
EXPENSES						
Rent	-	-	-	-	9.60	9.60
Remuneration	-	-	379.24	165.19	-	-
Interest	10.79	5.98	3.23	1.90	15.72	14.00
Reimbursement of Expenses (Net)	4.60	0.19	-	-	-	-
INCOMES						
Rent	0.18	0.18	-	-	-	-
Supervision Charges	-	1.80	-	-	-	-
Job Charges	69.20	-	-	-	-	-
FINANCE						
Fixed Deposit Accepted	-	-	-	15.00	25.00	5.00
Fixed Deposit Repayment	-	-	-	-	17.50	-
OUTSTANDING						
Fixed Deposits	-	-	27.67	27.66	137.28	129.51
Amount Receivable	68.64	-	-	0.25	-	-
Amount Payable	373.75	508.57	-	-	-	-
Property Deposit	-	-	-	-	80.00	80.00
Capital Contribution	650.07	650.07	-	-	-	-

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SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

In respect of the outstanding balance recoverable as at 31st March, 2010, no provision for doubtful debts is required to be made. During the year, there were no amounts written off or written back from such parties.

D. Accounting Standard 20 - "Earning Per Share"

Required disclosures are given below :

	Unit	2009-2010	2008-2009
a) Amount used as the numerator profit after tax, dividend on preference shares and tax thereon.	Rs. In lacs	3,081.61	953.04
b) Weighted average number of equity shares used as the denominator in computing basic Earning Per Share.	Nos.	1,30,81,356	1,30,75,208
Add : Potential no. of equity shares that could arise on conversion of warrants into equity shares.	Nos.	16,50,000	-
Weighted average number of shares used in computing Diluted Earning per Share	Nos.	1,47,31,356	1,30,75,208
c) Nominal value per Share.	Rs.	10.00	10.00
d) Earnings Per Share:			
- Basic	Rs.	23.56	7.29
- Diluted	Rs.	20.92	7.29

The Company has allotted 16,50,000 warrants at the meeting of Board of Directors held on 29th August, 2009 to persons other than Promoters at a price of Rs.41/- per share, including premium of Rs.31/- per share calculated as per SEBI (DIP) Guidelines. The Company has received Share Application Money @ Rs.10.25 per warrant being 25% of the price. Accordingly the diluted earning per share has been calculated.

E. Accounting Standard – 22 "Taxes on Income"

Considering accounting procedure prescribed by the Standard, the following amounts have been worked out and provided in books:

Major components of deferred tax balances

PARTICULARS	(Rupees In Lacs)	
	31 st March, 2010	31 st March, 2009
Deferred Tax Liabilities		
i) Difference between accounting and tax depreciation (cumulative)	3,235.98	3,144.54
TOTAL	3,235.98	3,144.54
Deferred Tax Assets		
i) Accumulated unabsorbed depreciation	-	258.89
ii) Provision for doubtful debts (to date)	39.15	42.69
iii) Disallowances under section 43B for non payment of expenses	185.26	193.62
iv) Others	288.96	456.41
TOTAL (i to iv)	513.37	951.61
Net Deferred Tax Liabilities	2,722.61	2,192.93

Net current deferred tax liability of Rs.529.68 Lacs has been charged to Profit & Loss Account besides current tax Rs.736.50 lacs as per Income Tax Act, 1961.

F. Accounting Standard 27 – "Financial Report of interest in Joint Venture"

- The Company has entered into the Joint Venture with Carreman, France for 50% ownership interest in jointly controlled entity Carreman Fabrics India Ltd.
- The above Joint Venture Company is incorporated in India. The company's share of assets and liabilities as on 31st March, 2010 and income and expenses for the period ended on that date in respect of joint venture entities as per Financial Statements is given below:

SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	(Rupees In Lacs)	
	31 st March, 2010	31 st March, 2009
i. Assets		
Long Term Assets	1,292.61	1,447.98
Current Assets	344.60	361.69
Total (i)	<u>1,637.21</u>	<u>1,809.67</u>
ii. Liabilities		
Long Term Liabilities	881.97	1,022.17
Current Liabilities	22.80	58.90
Total (ii)	<u>904.77</u>	<u>1,081.07</u>
iii. Contingent Liability	Nil	Nil
iv. Capital Commitments	Nil	Nil
v. Incomes	513.88	576.56
vi. Expenditures	490.44	528.95

The Company has given guarantee in favour of bankers of Carreman Fabrics India Ltd. for an amount of Rs. 1,950 lacs (Rs. 1,950 Lacs) for term loan. [Outstanding as on 31.03.2010 Rs.1,592.28 Lacs (previous year Rs. 1,757.59 Lacs)]

G. Accounting Standard: -28 "Impairment of Assets":

The Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

H. Accounting Standard: -29 "Provisions, Contingent Liabilities and Contingent Assets": Movement in Provisions :

Sr. No.	Nature of Provisions	Provision outstanding at the beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed during the year	Provision outstanding at the end of the year
1.	Taxation	159.38	736.50	127.81	-	768.07
2.	Proposed Dividend	240.65	299.82	240.65	-	299.82
3.	Tax on Proposed Dividend	40.90	49.80	40.90	-	49.80
4.	Gratuity	493.03	153.16	56.53	-	589.66
5.	Leave Encashment	94.68	57.51	39.92	-	112.27
6.	Foreign Exchange Financial Instruments	753.32	753.32	-	608.42	144.90

8. Financial and Derivative Instruments

Company has entered into following foreign exchange financial instruments

- a) The company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments on forecasted transactions as approved by Board of Directors. The company does not use forward contracts for speculation purpose.

Outstanding forward exchange financial instruments entered into by the company for hedging of export realization :

(Amount in Lacs)			
As at	No. of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2010	31	250.46	11,245.54
31.03.2009	8	37.53	1904.16

Outstanding foreign exchange option transactions or currency swap:

(Amount in Lacs)			
As at	No. of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2010	2	26.25	1,178.63
31.03.2009	3	175.00	8,877.75

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SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- b) Foreign Currency exposure that are not hedged by financial instruments or forward contracts as at 31st March, 2010 amount to US Dollar 95.24 lacs (equivalent to Rs.4,276.49 Lacs) (Previous year US Dollar 38.47 lacs equivalent to Rs.1,951.80 Lacs)
- c) Extraordinary items represent write back of provision made in previous year on maturity of foreign exchange financial instruments which were recognized on mark to market basis.

(Rupees In Lacs)

9. Details of Dues to Micro Enterprises and Small Enterprises

	<u>31st March, 2010</u>	<u>31st March, 2009</u>
a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of the accounting year (No amount is due for more than 45 days).	10.90	9.38
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond appointed day during the accounting year.	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of the accounting year.	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years. Until such date when the interest dues as above are actually paid to the small enterprise for the purpose of Disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

10. Managerial Remuneration and Perquisites of: -

(Rupees In Lacs)

	<u>Managing Director</u>		<u>Other Whole-time Directors</u>	
	<u>2009-2010</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2008-2009</u>
Salary	45.00	39.00	104.03	90.47
Provident Fund	5.04	4.32	11.80	10.08
Benefits and Perquisites	5.70	5.28	15.95	16.04
Commission	47.93	-	143.79	-
	<u>103.67</u>	<u>48.60</u>	<u>275.57</u>	<u>116.59</u>

Computation of net profit in accordance with Section 198 read with section 309(5) and section 349 of the Companies Act, 1956.

SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	(Rupees In Lacs)				
	2009-10	2008-09			
Profit before taxation	4,333.63	1,129.49			
Add: Depreciation (As per Books)	3,073.44	2,939.33			
Directors' Remuneration	379.24	165.19			
Directors' fees	6.93	5.50			
Provision for doubtful debts (Net)	63.74	45.33			
Loss on sales of fixed assets as per Books	10.86	2.42			
	<u>7,867.84</u>	<u>4,287.26</u>			
Less: Depreciation as per Section 349	3,073.44	2,939.33			
Profit on sale of fixed assets as per Books	1.89	0.64			
Loss on sales of fixed assets under section 349 (Net)	-	-			
	<u>3,075.33</u>	<u>2,939.97</u>			
Net profit under section 198 of the Companies Act, 1956	4,792.51	1,347.29			
Commission payable @ 1% of above profit to CMD, Jt. MD & 2 Whole-time Directors each.	47.93	-			
11. Information in respect of: -					
a) Licensed capacity	N.A.	N.A.			
b) Installed Capacity					
Yarn Spinning (Ring Spindles)	1,33,588	1,33,588			
Yarn Spinning (Air Jet Spindles)	576	576			
Fabric Weaving (Looms)	202	206			
Fabric Processing (Stenters)	5	4			
Garment (Pcs.)	Not Assessed	Not Assessed			
c) Quantitative details in respect of manufactured & other goods: -					
	Opening Stock	Production	Purchase/ Transfer	Sales/ Utilised	Closing Stock
Goods Manufactured					
Yarn (Kgs.)	17,10,781 (18,34,085)	2,61,75,028* (2,36,72,811)	6,58,261 (3,81,576)	2,72,33,291 (2,41,77,691)	13,10,779 (17,10,781)
Cloth (Mtrs.)	69,95,781 (45,78,865)	2,85,84,098** (2,69,47,530)	5,40,582 (8,51,477)	2,79,71,555 (2,53,82,091)	81,48,906 (69,95,781)
Garments / Madeups (No. of Pcs.)	1,62,956 (93,684)	15,30,781*** (11,35,348)	4,400 (Nil)	14,57,537 (10,66,076)	2,40,600 (1,62,956)
Waste (Kgs.)	1,49,920 (1,26,937)	12,79,750 (11,76,368)	Nil (Nil)	12,67,261 (11,53,385)	1,62,409 (1,49,920)
Power (Units)	Nil (Nil)	14,19,96,392 (13,03,97,201)	2,35,91,884 (1,05,04,847)	16,55,88,276 (14,09,02,048)	Nil (Nil)
* Excluding job spg. for others		Nil Kgs.		(Nil Kgs.)	
* Including job done by others		Nil Kgs.		(Nil Kgs.)	
** Including job woven by others		1,36,40,224 Mtrs.		(1,26,03,060 Mtrs.)	
** Excluding job weaving for others		3,45,912 Mtrs.		(3,969 Mtrs.)	
** Excluding job processing for others		54,80,865 Mtrs.		(19,71,812 Mtrs.)	
*** Including job done by others		30,560 Pcs.		(12,580 Pcs.)	
*** Excluding job done for others		61,632 Pcs.		(30,551 Pcs.)	

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SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

12. (A) Quantitative details in respect of Raw Material: -

	Opening Stock	Purchase/ Transfer	Consumption*	Sales/ Adjustments	Closing Stock
Fibre (Kgs.)	22,44,419 (21,24,499)	2,84,41,778 (2,47,48,096)	2,70,08,366 (2,44,27,394)	44,886 (2,00,782)	36,32,945 (22,44,419)
Yarn (Kgs.)	6,47,211 (5,08,414)	87,31,921 (76,77,664)	83,61,437 (75,38,867)	Nil (Nil)	10,17,695 (6,47,211)
Cloth (Mtrs.)	1,85,739 (91,268)	21,96,214 (18,08,898)	21,77,334 (17,14,427)	Nil (Nil)	2,04,619 (1,85,739)

* Includes material consumed out of internal transfers.

(B) (a) Value of Imports on CIF basis:-

(Rupees in lacs)

	2009-10	2008-09
(i) Raw Material	1,644.34	1,792.83
(ii) Dyes & Chemicals	160.08	167.52
(iii) Components & Spare Parts	442.86	399.62
(iv) Capital goods	1,732.15	1,563.66

(b) Value of Raw Material, Components & Spare parts consumed.

	Rupees in lacs		Percentage (%)	
	2009-10	2008-09	2009-10	2008-09
(I) Raw Material				
(i) Imported	987.73	(1,691.29)	3.67	(7.08)
(ii) Indigenous	25,962.22	(22,200.89)	96.33	(92.92)
	<u>26,949.95</u>	<u>(23,892.18)</u>	<u>100.00</u>	<u>(100.00)</u>
(II) Components & Spare Parts				
(i) Imported	728.98	(456.81)	36.05	(26.74)
(ii) Indigenous	1,293.09	(1,251.49)	63.95	(73.26)
	<u>2,022.07</u>	<u>(1,708.30)</u>	<u>100.00</u>	<u>(100.00)</u>
(c) Dyes & Chemicals: -				
(i) Imported	388.67	(147.69)	19.60	(9.50)
(ii) Indigenous	1,599.89	(1,407.40)	80.40	(90.50)
	<u>1,988.56</u>	<u>(1,555.09)</u>	<u>100.00</u>	<u>(100.00)</u>
(d) Expenses in foreign currency (in respect of): -				In Rupees
(i) Dividend		9.16 Lacs		(6.84 Lacs)
(ii) Professional & Consultancy Charges		Nil Lacs		(2.69 Lacs)
(iii) Others		1,746.29 Lacs		(1,411.15 Lacs)
(e) Earning in Foreign Currency (in respect of): -				In Rupees
(i) Exports of goods on FOB basis		34,346.89 Lacs		(30,980.71 Lacs)
(ii) Other Realization		1,823.05 Lacs		(398.45 Lacs)

13. Previous year's figures have been reworked, rearranged, regrouped and reclassified, wherever considered necessary and to make them comparable.

Note: Figures in brackets are pertaining to the previous year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration Details

Registration Number L24302 RJ 1976 PLC 00 1684 State Code 17 Balance Sheet Date 31.03.2010

II Capital raised during the year (Amount in Rupees Thousands)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III Position of mobilization and deployment of funds (amount in Rupees Thousands)

Total Liabilities	58,75,589	Total Assets	58,75,589
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Sources of Funds:

Paid-up Capital	1,48,114	Share Application Money	16,913
Reserve & Surplus	10,13,084	Deferred Tax Liability	2,72,261
Secured Loans	42,42,436	Unsecured Loans	1,74,191

Application of Funds :

Net Fixed Assets	36,25,549	Investments	66,730
Net Current Assets	21,74,720	Misc. Expenditure	-
Accumulated Losses	-		

IV Performance of the Company (Amount in Rupees Thousands)

Turnover	64,68,284	Total Expenditure	60,34,921
Profit before Tax	4,33,363	Profit after Tax	3,08,766
Dividend per Share in Rs.	3.50	Earning per Share in Rs. :	
- Interim Rs.	1.50	- Basic	23.56
- Final Rs.	2.00	- Diluted	20.92

V. Generic Names of Three Principal Products/Services of Company.

Item code No. (ITC code)	5509
Product Description	YARN SYNTHETIC STAPLE
Item code No. (ITC code)	5513
Product Description	WOVEN FABRIC
Item code No. (ITC code)	6203
Product Description	GARMENT

In terms of our Audit Report of even date:

 For KALANI & COMPANY
 Chartered Accountants
 FRN - 00722C

 K.L. JHANWAR
 Partner
 M.No. 14080

 Place : Mumbai
 Dated : 26th May, 2010

 R.L. TOSHNIWAL
 Chairman & Managing Director

 J.K. JAIN
 Sr. Vice President (Finance & Commerce)
 & Company Secretary

 RAKESH MEHRA
 Wholetime Director

 Directors
 SHALEEN TOSHNIWAL, Wholetime Director
 P. KUMAR
 D.P. GARG
 S.B. AGARWAL
 A.N. JARIWALA
 VIJAY MEHTA

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Cash Flow Statement For The Year Ended 31st March, 2010, pursuant to the Listing Agreement with Stock Exchanges, Mumbai.

	(Rupees in Lacs)	
	<u>2009-2010</u>	<u>2008-2009</u>
A) Cash Flow From Operating Activities		
Net Profit After tax as per P & L Account	3,087.66	959.12
Adjustment for		
Provision for Taxation and Deferred Tax liabilities	<u>1,245.97</u>	<u>170.37</u>
Net profit before tax and after extra ordinary items	4,333.63	1,129.49
Adjusted for		
Depreciation	3,073.44	2,939.33
Profit/ Loss on Sale of fixed assets (net)	8.97	1.78
Interest paid	3,301.67	3,628.89
Rent received	(3.44)	(3.81)
Dividend received	(0.56)	(0.40)
Extraordinary Items	<u>(608.42)</u>	<u>753.32</u>
Operating profit before working capital changes	10,105.29	8,448.60
Adjusted for		
Increase in trade & other receivable	(984.22)	(1,514.66)
Increase in inventories	(5,536.97)	(1430.73)
Increase/(-)Decrease in trade payable	<u>(572.87)</u>	<u>129.53</u>
Cash generated from operations	3,011.23	5,632.74
Net Tax Inflow / (-)Outflow	(547.94)	22.62
Net cash from operating activities (A)	<u>2,463.29</u>	<u>5,655.36</u>
B) Cash Flow From Investing Activities		
Increase(-)/Decrease (+) in capital work-in-progress	(1,806.24)	3,619.26
Purchase of fixed assets	(4,525.61)	(7,868.77)
Purchase of investment	(4.01)	-
Sale of Fixed assets	83.49	5.85
Rent received	3.44	3.81
Dividend received	0.56	0.40
Net cash used in investing activities (B)	<u>(6,248.37)</u>	<u>(4,239.45)</u>
C) Cash Flow From Financing Activities		
Proceeds from issue of Share Capital (Application Money)	169.13	-
Proceeds from long term borrowings	3,541.45	1,827.37
Repayment of long term borrowings	(1,752.76)	(1,302.00)
Interest paid	(3,301.67)	(3,628.89)
Increase/(Decrease) in bank borrowings	5,230.10	1,672.71
Proceeds from unsecured loan	290.41	138.53
Dividend and tax thereon Paid	<u>(511.12)</u>	<u>(189.73)</u>
Net cash from financing activities (C)	<u>3,665.54</u>	<u>(1,482.01)</u>
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	(119.54)	(66.10)
Opening balance of cash and cash equivalents	626.30	692.40
Closing balance of cash and cash equivalents	506.76	626.30

Signature to schedules 1 to 22 and Balance Sheet abstract.

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered Accountants
FRN - 00722C

K.L. JHANWAR
Partner
M.No. 14080

Place : Mumbai
Dated : 26th May, 2010

R.L. TOSHNIWAL
Chairman & Managing Director

J.K. JAIN
Sr. Vice President (Finance & Commerce)
& Company Secretary

RAKESH MEHRA
Wholetime Director

Directors
SHALEEN TOSHNIWAL, Wholetime Director
P. KUMAR
D.P. GARG
S.B. AGARWAL
A.N. JARIWALA
VIJAY MEHTA

ANNEXURE-II TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:
a) Energy Conservation measures taken.
Lighting

1) Placing new type of reflectors around 500 nos. on tube lights, found gain in lux level by 30%, saving power and improving lux on machines.

2) Replacing around 350 GFL lamps by of CFL lamps in all residential area saving around 10.05 KW per hour.

Machines

By continuous monitoring and attending, high power consuming machines, 1% power saving achieved in Carding/TFO and Ring Frame departments.

Compressor

Installed Electro-pneumatic IGV control on 1 No. Centac Air Compressor saving 100KW of power per hour.

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

Replacement of old motors by new technology motors at a cost of around Rs.50 lacs.

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

Marginal impact on overall cost of production.

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

As per form 'A' enclosed.

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption.

As per form 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans have been discussed under the head "Exports" in the main body of the Directors Report.

The information in respect of Foreign Exchange outgoing and earning is contained in item 12(B)(d) & (e) in Schedule 22 annexed to the Balance Sheet as at 31st March, 2010.

FORM-A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
A. POWER AND FUEL CONSUMPTION

S.No.Particulars	Current Year	Previous Year
	2009 -2010	2008 -2009
1. Electricity		
a) Purchased Units	2,35,91,884	1,05,04,847
Total Amount (Rs.)	11,45,11,693	5,19,03,460
Rate/Unit	4.85	4.94
b) Own generation		
i) Through Coal based		
Thermal Power plant Unit	11,27,33,138*	11,30,28,300*
Units per Kg. of Coal	1.118	1.035
Cost/Unit	3.11	3.92
ii) Through Furnace Oil		
Generator unit	2,91,90,418	1,73,10,903
Units per Kg. of Furnace Oil	4.29	4.29
Cost/Unit	4.85	4.12
iii) Through Diesel Generator unit	72,836	57,998
Units per Ltr.of Diesel Oil	2.98	2.90
Cost/Unit	11.70	12.87
2. Coal Qty.(MT)	1,05,925	1,15,650
Total cost (Rs.)	37,05,97,148	46,31,09,101
Average rate/MT(Rs.)	3,499	4,004
3. Lignite Qty.(MT)	14,495	9,377
Total cost (Rs.)	2,82,35,409	2,99,71,649
Average rate/MT(Rs.)	1,948	3,196
4. Petcoke Quantity (MT)	5,731	5,764
Total cost (Rs.)	3,19,17,299	2,87,62,594
Average rate/MT(Rs.)	5,569	4,990
5. LPG Quantity (MT)	619.64	465.32
Total cost (Rs.)	2,31,01,034	1,91,19,936
Average rate/MT(Rs.)	37,281	41,090
6. Furnace Oil Qty.(Kgs.)	70,20,562	41,61,699
Total Amount (Rs.)	14,39,55,492	7,31,25,255
Average Rate/Kg.(Rs.)	20.50	17.57
7. Diesel Qty. ltrs.	54,072	87,815
Total Amount(Rs.)	17,56,605	29,10,755
Average Rate/Ltr.(Rs.)	32.49	33.15
8. Other/Internal generation	Not applicable	Not applicable

* Including 2944900 KWH given to Carreman Fabrics India Ltd. for job weaving done for the Company (Previous year 4130790 KWH)

B. CONSUMPTION PER UNIT OF PRODUCTION

Power facility is common for production of cloth and yarn; accordingly, such information for each product is not available.

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FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2009-2010

RESEARCH AND DEVELOPMENT (R & D)

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

The Company has set up a world class fabric testing laboratory as per ISO, AATCC, ASTM, LS & Co, M & S, etc. testing protocol. The laboratory has successfully achieved accreditation of Levis & Co, Marks & Spencer and is undergoing ISO 17025 NABL and Coach accreditation. The laboratory is providing on line testing services to various departments to achieve excellent quality and productivity.

The Company has well developed fabric designing department and has created a garment studio at Mumbai for improvement in fabric and garment designs. The Company has also procured computer software to create and develop new designs for manufacturing Jacquard fabrics.

The Company has imported Chinese spinning and weaving machines, which are cheaper than LMW/Indian machines.

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

As the result of the above efforts, the products of the Company are meeting international quality standards and are, therefore, globally well accepted. The fabric sample can be tested in the Company's laboratory as per customers' requirement/ international standards thereby saving time and cost. Earlier, the sample used to be sent outside Testing Labs, incurring extra time and cost.

During the year, the Company purchased worsted spinning plant and other machines for expansion and modernization at competitive prices. The delivery period of these machines was also much lower in comparison.

The Company has well equipped design and development facilities; it has also established technical textile fabric section and is regularly supplying good quality of technical textile fabric to a well reputed brands in USA.

3. Future plans and action

Research and development is a continuous process. The Company is going to add new testing equipment for all wool and wool mixed fabrics and upholstery fabrics.

The Company is developing various types of technical textile fabrics, with latest technology, to be supplied to

institutional bodies like Defense, Railways, Airlines, Luxury Traveling Coaches etc. During these developments, the laboratory is also being expanded with latest testing equipments for the testing of technical fabrics.

For the garment division, the Company has imported Jackets stitching machinery which has been installed in garment factory at Surat.

4. Expenditure on R & D

- a) Capital expenditure is approx. Rs.165 lacs.
- b) Recurring – Normal running expenditure Rs.119 lacs.
- c) Total Rs.284 lacs.
- d) Total R & D expenditure as a percentage of total turnover is less than 1%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

The Company deputed its technicians to various other weaving and finishing units within and outside India to understand the improvements in the respective areas. The Company started lamination of coated fabric and technical textile fabric in-house, which is a new production activity for the Company. The Company engaged the services of technicians from abroad and upgraded the cotton yarn dyeing quality. For the wool dyeing also, Company installed RF Dryer and improved this machine to produce better quality end products. During the year, the Company started production of Jacquard fabric. It purchased computer software for developing the fabric designs. The in house testing laboratory was upgraded to the international standard.

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

The Company was depending on out side Yarn Dyer for Cotton as well as texturised filament yarn dyeing. The introduction and gradual increasing the capacity of cotton/texturised filament yarn dyeing facility at Banswara, has enabled Company to reduce the lead time. Now, it can deliver its products to the customers in about 15 days.

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

Not applicable.

For and on behalf of the Board

Place : Mumbai
Dated: 26th May, 2010

R. L. TOSHNIWAL
Chairman & Managing Director

BANSWARA SYNTEX LIMITED

Regd. Office: Industrial Area, Dohad Road, Banswara-327 001 (Raj.)

Dear Shareholder,

SEBI, vide its letter No.DCC/FITTCIR-3/2001 dated 15th October, 2001, has advised that all companies should mandatory use Electronic Clearing System (ECS) facility for distributing dividends or other cash benefits to the investors wherever available. In the absence of availability of ECS facility, the companies may use warrants for distributing the Dividends.

Currently, ECS facility is available at locations specified by RBI. We request all the shareholders to give their bank details so that all future Dividend payments can be remitted through ECS In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with the name of the shareholder on the dividend warrants issued in future.

J.K. JAIN

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

ECS MANDATE FORM

(For use by Shareholders holding Shares in physical mode only)

Banswara Syntex Limited.
Industrial Area, Dohad Road
BANSWARA-327 001 (RAJ.)

Dear Sirs,

Change in mode of payments to Electronic Clearing System (ECS)

I hereby consent to have the amount of Dividend on my equity shares credited through the Electronic Clearing System (Credit Clearing) [ECS]. The particulars are:

1. Folio No. : _____
[Folio No. given in equity share certificate(s)]
2. Member's Name: Mr./Ms. : _____
3. Member's address : _____
4. Particulars of the Bank A/C :
* Bank name : _____
* Branch name : _____
* Mention the 9-digit code number of the bank and
branch appearing on the MICR cheque issued by the bank : _____

(Please attach a photocopy of a cheque or a blank cancelled cheque issued by your bank for verifying the accuracy of the code number)

* Account type (please) Savings Current Cash Credit

* Account number (as appearing on the cheque book) : _____

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information for any reasons, I would not hold the Company responsible. I also undertake to advise changes, if any, in the particulars of my account to facilitate updation of records for purposes of credit of Dividend amount through ECS.

Signature of the first named/sole Member

Note:

1. Please complete the form and send it to the Company if you are holding share certificate(s) in physical form.
2. IN CASE YOUR SHARES ARE IN DEMATERIALIZED FORM, INFORM/UPDATE YOUR INFORMATION DIRECTLY WITH THE DEPOSITORY PARTICIPANT (DP) WITH WHOM YOU ARE MAINTAINING DEMAT ACCOUNT AND NOT TO THE COMPANY.
3. In case of more than one Folio please complete the details on separate sheets.
4. Payment through ECS is subject to the rules and regulations of the Scheme of ECS of the Reserve Bank of India from time to time.

Place : _____

Date :

BANSWARA SYNTEX LIMITED

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

PROXY FORM

Regd. Folio No. / DPID & Client ID No.

34th Annual General Meeting

I/We _____

of _____ in the District of _____

being a member /members of the above named Company hereby appoint

Mr./Ms. _____ of _____ in the district of _____

or failing him _____ of _____

in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 3.30 P.M. on Wednesday, the 11th August, 2010 and at any adjournment thereof.

Signed this day _____ of _____ 2010

Signature _____

AFFIX
1 Rupee
revenue
stamp

Note : This form in order to be effective should be duly filled and signed across stamp and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

BANSWARA SYNTEX LIMITED

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

ATTENDANCE SLIP

34th Annual General Meeting

Regd Folio No. / DPID & Client ID No.

I certify that I am a registered shareholder /proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company at 3.30 P.M. on Wednesday, the 11th August, 2010 at the Company's Registered Office.

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE.
Members are requested to bring their copy of Annual Report to the meeting.