

BOARD OF DIRECTORS

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

EXECUTIVES

Shri S.S. Sajal, President
Shri J.K. Rathi, President (Commercial)
Shri V.G. Maheshwari, President (Daman Unit)
Shri J.K. Jain, Sr.Vice President (Finance & Commerce)
& Company Secretary
Shri S.N. Gupta, Senior Vice President (Technical)
Shri S.S. Kella, Vice President (Audit & Taxation)
Shri S.R. Jain, Vice President (Engineering)

AUDITORS

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

BANKERS

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

REGISTRAR & TRANSFER AGENT

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

OFFICES**REGD. OFFICE**

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

HEAD/MARKETING OFFICE

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

DELHI OFFICE

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

JAIPUR OFFICE

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

WORKS

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

Daman Unit (Garment)

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

Surat Unit (Garment)

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

QUALITY POLICY

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

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

NOTICE

NOTICE is hereby given that 31st Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Wednesday the 8th day of August, 2007 at its Registered Office, Industrial Area, Dohad Road, Banswara at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS

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

SPECIAL BUSINESS

7. Re-appointment of Shri Ravi Toshniwal as **Jt. Managing Director.**

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

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

- (i) **Salary** : Rs.250000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.250000-250000-350000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2007 onwards, computed in the manner laid down in the Companies Act, 1956. The commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company.
- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

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

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

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Ravi Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Ravi Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.
- (iv) Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Shri Ravi Toshniwal subject to the applicable provisions of Schedule XIII to the said Act.

“RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Ravi Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.”

“RESOLVED FURTHER THAT Shri R.L.Toshniwal, Chairman & Managing Director, Shri Rakesh Mehra, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution.”

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

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

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

- (i) **Salary** : Rs.300000/- per month basic salary, which shall be increased every year by Rs.30000/- in the scale of Rs.300000-300000-330000.
- (ii) **Commission** : 1% commission on the net profit of the company from 1st April, 2007 onwards, computed in the manner laid down in the Companies Act, 1956.
- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

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

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri R.L. Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri R.L. Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.
 - (iv) Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Shri R.L. Toshniwal subject to the applicable provisions of Schedule XIII to the said Act.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri R.L. Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting."

"RESOLVED FURTHER THAT Shri Ravi Toshniwal, Joint Managing Director, Shri Rakesh Mehra, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution."

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

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

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

- (i) **Salary** : Rs.250000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.250000-25000-275000.
- (ii) **Commission**: 1% commission on the net profit of the company from 1st April, 2007 onwards, computed in the manner laid down in the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company and another 1% to Shri Ravi Toshniwal, Joint Managing Director of the Company.
- (iii) **Perquisites** : The perquisites shall be as follows:

PART - A

- (a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.
- (b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.
- (c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.
- (d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.
- (e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.
- (f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

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

- (a) **Provident Fund** : The Company's contribution to Provident Fund as per the Rules of the Company, to the extent not taxable under the Income Tax Act, 1961.
- (b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.
- (c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

- (a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.
- (c) **Reimbursement of Expenses** : Apart from the remuneration

as aforesaid, Shri Rakesh Mehra shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

(d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Rakesh Mehra for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

(iv) Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Shri Rakesh Mehra subject to the applicable provisions of Schedule XIII to the said Act.

“RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Rakesh Mehra be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.”

“RESOLVED FURTHER THAT Shri R.L. Toshniwal, Chairman & Managing Director, Shri Ravi Toshniwal, Joint Managing Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution.”

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

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

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

(i) **Salary** : Rs.200000/- per month basic salary, which shall be increased every year by Rs.25000/- in the scale of Rs.200000-25000-275000.

(ii) **Commission**: 1% commission on the net profit of the company from 1st April, 2007 onwards, computed in the manner laid down in the Companies Act, 1956.

The commission will be paid subject to overall limit prescribed under the Companies Act, 1956 and after paying 1% commission to Shri R.L.Toshniwal, Chairman & Managing Director of the Company, another 1% to Shri Ravi Toshniwal, Joint Managing Director of the Company and further another 1% commission to Shri Rakesh Mehra, Wholetime Director of the Company.

(iii) **Perquisites** : The perquisites shall be as follows:

PART - A

(a) **Housing** : Free furnished residential accommodation with gas, electricity, water, furnishing and maintenance charges. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time and expenses on gas, electricity, water, furnishing and maintenance charges will be borne by the Company.

(b) **Medical Reimbursement** : Reimbursement of expenses actually incurred, the total cost to the Company shall not exceed one month's salary per year or three months' salary in a period of 3 years.

(c) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the rules specified by the Company.

(d) **Club Fees** : Fees of clubs subject to a maximum of two clubs except admission and life membership fees.

(e) **Personal Accident Insurance** : Premium not to exceed Rs.4000/- per annum.

(f) **Servant allowance** : Not exceeding Rs.24,000 per annum.

PART - B

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

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

(b) **Gratuity** : Gratuity payable shall not exceed half month's basic salary for each completed year of service.

(c) **Leave** : Leave and leave encashment as per Rules of the Company.

PART - C

(a) **Conveyance** : Free use of the Company's car with driver. Personal use of car shall be billed by the Company.

(b) **Telephone** : Free telephone facility at residence. Personal long distance calls shall be billed by the Company.

(c) **Reimbursement of Expenses** : Apart from the remuneration as aforesaid, Shri Shaleen Toshniwal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

(d) **Sitting Fee etc.** : No sitting fee shall be paid to Shri Shaleen Toshniwal for attending the Meetings of Board of Directors or any committee thereof. He shall not be liable to retire by rotation.

(iv) Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Shri Shaleen Toshniwal subject to the applicable provisions of Schedule XIII to the said Act.

“RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the central government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling and the said agreement between the company and Shri Shaleen Toshniwal be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the company in general meeting.”

“RESOLVED FURTHER THAT Shri R.L. Toshniwal, Chairman & Managing Director, Shri Ravi Toshniwal, Joint Managing Director, Shri Rakesh Mehra, Wholetime Director and Shri J.K. Jain, Sr. Vice President (F&C) & Company Secretary of the Company be and is hereby singly authorized to take all such steps as may be necessary and desirable for giving effect to the above resolution.”

Registered Office:

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

By Order of the Board

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

NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy, in order to be effective, should be duly stamped, filled and signed, must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. M/s Computech Sharecap Limited is the Registrar and Share Transfer Agent (RTA) for physical shares and is also the depository interface of the company with both CDSL and NSDL.
4. The Register of Members and Shares Transfer Book of the Company shall remain closed from 4th August, 2007 to 8th August, 2007 (both days inclusive) in connection with the payment of dividend for the financial year 2006-07.
5. Shareholders are requested to immediately notify to the Company any change in their address.
6. The shareholders, who have not converted their shares in demat form, are requested to do so.
7. The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after 11th August, 2007 as under:-
 - a) To all those beneficial owners holding shares in electronic form as per the beneficial ownership data as may be made available to the company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on Friday, 3rd August, 2007.
 - b) To all those shareholders holding shares in physical form after giving effect to all the valid share transfers lodged with the company before the closing hours on Friday, 3rd August, 2007.
8. Members holding shares in physical form are advised to furnish, on or before 3rd August, 2007, particulars of their bank account, if changed, to the company to incorporate the same in the dividend warrants.
In case of payments to the shareholders holding shares in dematerialized form, particulars of bank account registered with their depository participants will be considered by the company to incorporate the same in the dividend warrants.
9. The company has declared dividend for the year 2002-03, 2003-04, 2004-05 and 2005-06. The shareholders who have so far not encashed the dividend warrants are hereby informed to encash their dividend warrants by surrendering the same in original to the company and get the demand drafts issued in lieu thereof. As per the provisions of the Companies Act, the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund.
10. The documents referred to in the proposed resolutions are available for inspection at the Registered office of the Company during working hours between 10.00 A.M. to 1.00 P.M. except on holidays.
11. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.

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

Item No.7

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

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

Looking to the sincere, dedicated and committed services rendered by Shri Ravi Toshniwal, Joint Managing Director of the Company, Board of Directors in its meeting held on 24.05.2007 has reappointed him as Joint Managing Director of the Company for further five years effective from 24th August, 2007 to 31st July, 2012. Remuneration of Shri Ravi Toshniwal was in the scale of Rs. 170000-250000-1,95,000/- with perquisites as approved by the shareholders in the Annual General Meeting held on 12th July, 2006. The remuneration proposed to be paid to Shri Ravi Toshniwal is set out in the resolution.

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, Shri Ravi Toshniwal shall, subject to the approval of the central government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

(a) Job Profile

Shri Ravi Toshniwal is also looking after the overall activities of the Company including production, exports and HRD activities.

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

(b) Comparative Remuneration in the Industry

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

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

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

Shri Ravi Toshniwal holds 853466 numbers of equity shares of Rs.10 each in the Company, as on the date of this Notice.

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

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

Your Director recommends the resolution for approval.

Item No. 8,9, 10

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

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

(a) **Job Profile**

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

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

(b) **Comparative Remuneration in the Industry**

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

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

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

Shri R.L. Toshniwal holds 971,667 no. of equity shares of Rs. 10 each in the Company, as on the date of this Notice.

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

(a) **Job Profile**

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

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

(b) **Comparative Remuneration in the Industry**

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

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

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

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

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

(a) **Job Profile**

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

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

(b) **Comparative Remuneration in the Industry**

No such data is available with the company. But the Board is of the view that the remuneration paid / to be paid by the company is totally in line with the excellent performance made by the company under his dedicated services.

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

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

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

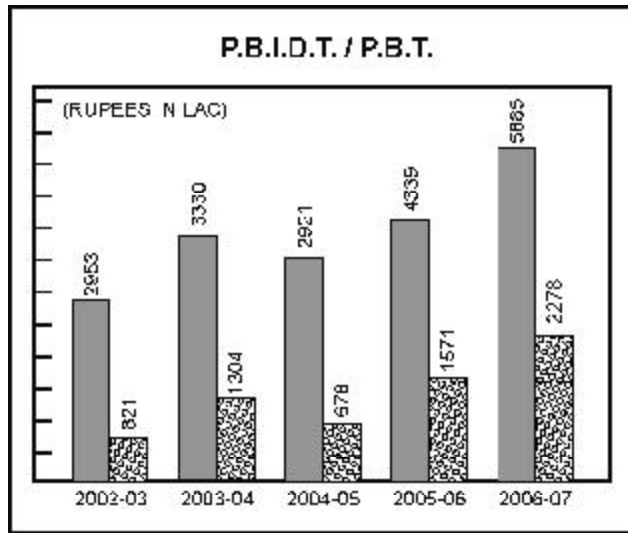
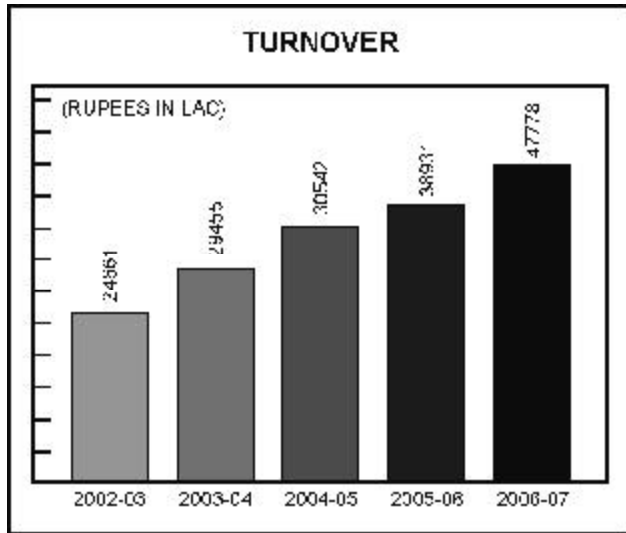
Registered Office:

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

By Order of the Board

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

DIRECTORS' REPORT



■ P.B.I.D.T.
 ■ P.B.T.

Dear Shareholders,

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

FINANCIAL REVIEW

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

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

OPERATIONS

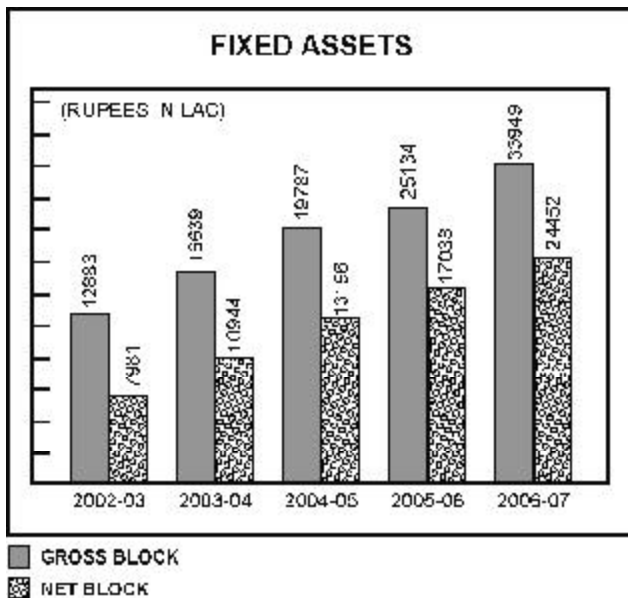
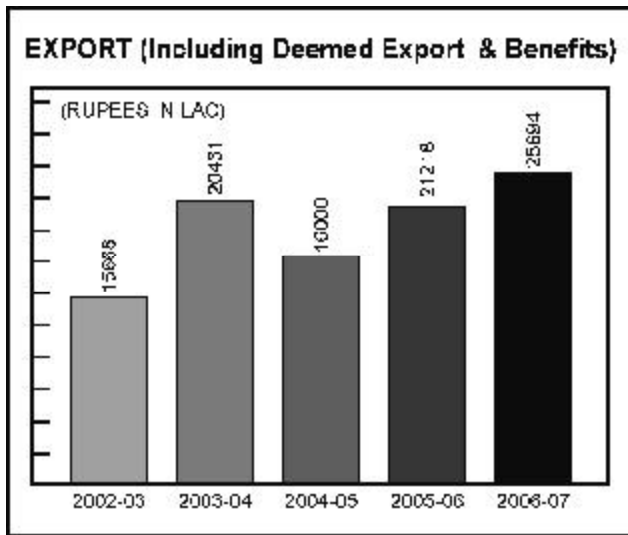
Your Company's performance in all the fields has improved significantly during the Financial Year 2006-07. The production of yarn increased to 204 lac kgs. up by 6%, production of cloth rose to 210 lac meters, up by 28 % and production of garments went up by 50%. As a result gross income of the Company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

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

EXPORTS

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

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



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

DIVIDEND

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

INCREASE IN SHARE CAPITAL

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

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

CHANGE IN THE LISTING STATUS

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

EXPANSION, DIVERSIFICATION AND MODERNISATION

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

The Process House and Laboratory have been upgraded.

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

JOINT VENTURE

The JV Company, Carreman Fabrics India Limited has set up a weaving unit at Banswara. Your Company owns 50% interest in the Company. This unit has commenced commercial production from July, 2006. JV Company is producing fabric for the Company on job work basis. This has generated additional business for the Company.

Carreman Fabrics India Limited has also installed continuous Scouring machine and gas based Stenter, imported from Europe, at Company's Process House.

POWER PLANT

At present, the Company meets the power requirement through its Wartsila make furnace oil based power plants of 9.5 MW capacity. The balance requirement is met through Government supply through Ajmer Vidyut Vitran Nigam Limited. The furnace oil prices have increased substantially in the last couple of years, therefore, the Company has installed a coal based thermal power plant of 18 MW capacity. It is likely to start generation of power from June, 2007 and will meet 100% power requirements of the Company's plants at Banswara. This will substantially reduce the power cost. The Company will utilize the existing Furnace Oil based Power Plants as standby resource.

FINANCE

The company has availed term loans of Rs.6917.56 lacs, during the year, from Banks and Financial Institutions, under TUF Scheme to fund various expansion, diversification and modernization programmes. The Company's Bankers/ Financial Institutions have continued to provide need-based funds to meet the long term and short-term requirements of the company from time to time.

CONTRIBUTION TO EXCHEQUER

Your company has during the year, contributed Rs.3009.78 lacs to the Government Exchequer by way of Excise Duty, Service Tax, Value Added Tax (VAT), Income Tax, Dividend Tax, TC Cess and other levies.

SUBSIDIARY COMPANY

The Company has no subsidiary as on 31st March 2007. However, it has 50% interest in Carreman Fabrics India Ltd, a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

CORPORATE GOVERNANCE

Corporate Governance is about management and conduct of an organization based on ethical business principles and commitment to values. It is the desire to strive for and ensure sustainable returns to all stakeholders of the business and a belief that sound corporate governance is critical to enhance and retain investor trust. The Company's philosophy of corporate governance is aimed at aiding the management in conducting operations efficiently and is guided by a strong emphasis on integrity, accountability and transparency. Accordingly, the company adopts and follows certain policies, procedures and principles, which are in line with the best practices and also meet all relevant legal and statutory requirements. All employees, members of the Board and of Senior management are bound by a code of

conduct that lays down and regulates the Company's policies on all important matters.

As required under the listing agreements with the Stock Exchanges, a separate report on Corporate Governance of the Company and Management discussion and analysis is annexed to this report as Annexure-I. A certificate from Auditors of the Company regarding compliance of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is appended to the Report on Corporate Governance.

FIXED DEPOSITS

The Company has not issued any advertisement for inviting fixed deposit from the public. However, it continues to accept deposit from public. As on 31st March, 2007, your Company had such deposits aggregating Rs. 821.13 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 provision of Companies (Acceptance of deposits) Rules, 1975.

MANAGEMENT

The tenure of Shri Ravi Toshniwal as Joint Managing Director of the Company is expiring on 23rd August, 2007. Based on the recommendation of the Remuneration Committee the Board has decided to reappoint Shri Ravi Toshniwal as Joint Managing Director for a further period of 5 years, subject to approval of shareholders in the Annual General Meeting.

DIRECTORS

In accordance with the Articles of Association of the Company, Shri S.B. Agarwal, Shri Vijay Agarwal and Shri Kamal Kishore Kacholia, Directors are retiring by rotation and being eligible, offer themselves for re-appointment. Shri P.A. Makwana has been appointed as Nominee Director by EXIM Bank w.e.f. 14-12-2006.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II. The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2007 and of the profit of the Company for the year ended on that date.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- IV. The Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

As per the requirement of Clause 49 of the Listing Agreements with Stock Exchanges and also the provisions of the Companies Act, 1956, the Company has constituted the Audit Committee comprising three independent Directors,

viz. Shri D.S.Alva, (Chairman), Shri Parduman Kumar and Shri Kamal Kishore Kacholia.

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

AUDITORS

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

AUDITORS' REPORT

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'II', which forms part of this report.

DEMATERIALIZATION OF SHARES

In pursuance of SEBI / Stock Exchange directions, your company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form.

In response, 92.79% shares have been converted in demat form as on 31st March, 2007. The stock code number in NSDL and CDSL for equity shares of the company is ISIN – INE 629D01012.

PARTICULARS OF EMPLOYEES

During the year under report, the relation between the management and staff/workers remained cordial. The Directors place on record their deep appreciation for the devoted services of the workers, staff and the executives.

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Mumbai
Dated : May 24, 2007

R.L.Toshiwal
Chairman & Managing Director

ANNEXURE - I TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

"Corporate Governance" is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the distribution of roll and responsibilities among different participants in the organization, such as, the Board, managers, shareholders and other stakeholders and spells out rules and procedures for making decisions on corporate affairs. By doing this, it also provides a mechanism through which the company objectives are set, the means to achieve those objectives defined and the process of monitoring performance is delineated.

I. COMPANY'S PHILOSOPHY

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

The Company's Board of Directors support the broad principle of good corporate governance and lays strong emphasis on transparency, accountability and integrity in functioning of the Company.

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

II. BOARD OF DIRECTORS

The present Board of Directors comprises of 13 members. It includes four whole time directors, viz. Chairman & Managing Director, Joint Managing Director and two Whole Time Directors and Nine Non-Executive Directors including one nominee Director of EXIM Bank. More than 2/3rd of the Board strength is of independent Directors. The Non-Executive Independent Directors are eminent professionals with long experience in business and industry, finance and public enterprises. The independent

Directors are not related to the promoter directors. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

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

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

Five Board Meetings were held during the year 2006-2007 i.e. on 11th May, 2006, 27th July, 2006, 17th October, 2006, 28th December, 2006 and 25th January, 2007. 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, 2007.

A. Composition of the Board of Directors as on 31.03.2007 and attendance at the Board 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	5	ED	3	1
Shri Ravi Toshniwal	No	4	ED	2	-
Shri Rakesh Mehra	Yes	5	ED	1	-
Shri Shaleen Toshniwal	No	2	ED	-	-
Shri D.S.Alva	Yes	4	NED	3	4
Shri P.Kumar	Yes	5	NED	1	3
Shri A.N. Jariwala	No	1	NED	2	1
Shri Kamal Kishore Kacholia	No	5	NED	1	-
Shri Vijay Mehta	Yes	2	NED	4	1
Shri D.P. Garg	No	4	NED	1	-
Shri S.B. Agarwal	No	3	NED	2	1
Shri Vijay Agarwal	No	2	NED	1	1
Shri P.A. Makwana* (Nominee Director of EXIM Bank)	No	2	NED	2	2

ED- Executive Director, NED- Non Executive Director

* Appointed as Nominee Director with effect from 14th December, 2006.

B. Board Procedure

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

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

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

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

III. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2006-07

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

The remuneration to Executive/Whole-time Directors is paid as determined by the Board of Directors (since there was no remuneration committee till 27.03.2006) and approved by the Shareholders in its meeting held on 12th July, 2006. No remuneration is paid to the Non-Executive Directors except sitting fees and reimbursement of out-of-pocket expenses. The remuneration paid to each Director during the period from 1st April 2006 to 31st March 2007 is as under:-

(i) Executive Directors

(Rs. in lacs)

S. No.	Name of Directors	Salary (Including commission, if any)	Perquisites (Including PF)
1	Shri R.L. Toshniwal	47.30	13.20
2	Shri Ravi Toshniwal	42.50	12.81
3	Shri Rakesh Mehra	42.50	13.01
4	Shri Shaleen Toshniwal	40.30	6.08

(ii) Non-Executive Directors

(Rs. in lacs)

S. No.	Name of Directors	Amount
1	Shri D.S. Alva	0.70
2	Shri P. Kumar	0.80
3	Shri A.N. Jariwala	0.10
4	Shri Kamal Kishore Kacholia	0.65
5	Shri Vijay Mehta	0.17
6	Shri D.P. Garg	0.80
7	Shri S.B. Agarwal	0.20
8	Shri Vijay Agarwal	0.15
9	Shri P.A. Makwana* (Nominee Director of EXIM Bank)	0.20

Appointed as Nominee Director w.e.f. 14.12.2006.

Details of Shareholding of Directors as on 31st March 2007.

S. No.	Name of Directors	Number of Shares
1.	Shri R.L. Toshniwal	9,71,667
2.	Shri Ravi Toshniwal	8,53,466
3.	Shri Rakesh Mehra	25,499
4.	Shri Shaleen Toshniwal	11,25,413
5.	Shri S.B. Agarwal	1500
6.	Shri Vijay Mehta	75

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

IV. COMMITTEES OF THE BOARD

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

A. AUDIT COMMITTEE

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

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

COMPOSITION :

Audit Committee comprises 3 independent and Non-Executive Directors viz. Shri D.S. Alva (Chairman), Shri P. Kumar and Shri Kamal Kishore Kacholia.

MEETINGS

Four Audit Committee meetings were held during the year 2006-07 i.e. on 11th May, 2006, 27th July, 2006, 17th October, 2006 and 25th January, 2007.

The frequency and quorum, etc. at these meetings were in conformity with the provisions of Companies Act, 1956 as also listing agreement with Stock Exchange.

ATTENDANCE

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

Name of Member	Meetings held	Number of Meetings attended
Shri D.S. Alva	4	4
Shri Parduman Kumar	4	3
Shri Kamal Kishore Kacholia	4	4

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

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

ROLE

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

The Audit committee has powers:

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

B. INVESTORS' GRIEVANCES COMMITTEE

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

The Committee primarily focuses on:

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

COMPOSITION :

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

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

MEETINGS

During the year 2006-07, one meeting of the committee was held i.e. on 27th July, 2006.

During the year 2006-07, 78 complaints were received from the shareholders/investors and all these were resolved to the satisfaction of the complainants.

ATTENDANCE

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

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

DISPOSAL OF COMPLAINTS

The shareholders' complaints are being promptly attended to and disposed off within one month. The details of Shareholders' 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	23	23	<15 days	0	0
Non-receipt of Shares lodged for Transfer/Exchange	0	53	53	<15 days	0	0
Others	0	2	2	<15 days	0	0

C. REMUNERATION COMMITTEE

The Remuneration Committee has been constituted as per requirement of clause 49 of listing agreement 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 and Non-Executive Directors and compensation payable.
- To consider and recommend human resource policies relating to compensation and performance management.

The remuneration paid to the Wholetime Director was approved by the Remuneration Committee and shareholders of the company.

The Remuneration Committee in its meeting held on 24th May, 2007 has recommended reappointment of Shri Ravi Toshniwal, Joint Managing Director of the Company from 24th August, 2007 to 31st July, 2012. The Board has appointed Shri Ravi Toshniwal, as Joint Managing Director for the aforesaid period subject to approval of the shareholders.

The Remuneration Committee has recommend increase in remuneration payable to Managing Director and two wholetime Directors subject to approval by shareholders in ensuing Annual General Meeting.

Non- executive Directors are being paid sitting fee of Rs.10,000/- for each meeting of the Board of Directors or Committee thereof attended by them. However, in case of share transfer committee meeting, sitting fee uptill 27th July, 2006 was Rs.1,500/- and Rs.2,500/- thereafter.

COMPOSITION :

The Remuneration Committee comprises 3 Independent and Non-Executive Directors, viz. Shri D.S. Alva, (Chairman), Shri Parduman Kumar and Shri D.P. Garg.

MEETINGS

During the year 2006-07, one meeting of the Committee was held i.e. on 11th May, 2006

ATTENDANCE

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

Name of Member	Meetings held	Number of Meetings attended
Shri D.S. Alva	1	1
Shri P. Kumar	1	1
Shri D.P. Garg	1	-

D. SHARE TRANSFER COMMITTEE

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

The Committee primarily focuses :

- To scrutinize the share transfer application forms received by the Company and if found in order in all respects, to register transfers of shares in the Register of Members of the Company.

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

COMPOSITION :

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

MEETINGS

During the year 2006-07, 23 meetings of Share Transfer Committee were held. Two members constitute the quorum for each meeting.

ATTENDANCE

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

Name of Member	Meetings held	Number of Meetings attended
Shri R.L. Toshniwal	23	23
Shri D.P. Garg	23	22
Shri Vijay Mehta	23	1

V. CODE OF CONDUCT

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

VI. SHARE TRANSFERS

Since the Company's shares are traded in the dematerialised 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 Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai-400 023, for demat as well as physical transfers. The Board has delegated share transfer function to the Share Transfer Committee, which is later confirmed by the Board. Physical transfers are effected within one month. The Board has designated the Company Secretary as the Compliance Officer.

A. Shareholding Pattern as on 31st March, 2007

SI No.	Category	No. of Shares held	Percentage of Shareholding (%)
1	Promoters	7180775	57.25
2	Mutual Funds and UTI	4925	0.04
3	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions)	60865	0.49
4	Foreign Institutional Investors	-	-
5	Private Corporate Bodies	1752158	13.97
6	Indian Public	3253805	25.93
7	NRIs/OCBs/Foreign Nationals	291333	2.32
8	GDR	-	-
	Grand Total	12543861	100.00

B. Distribution of Share holding as on 31st March, 2007

No. of Shares	No. of Shareholders	% of Share holders	No. of shares held	Voting Strength (%)
1 to 500	11467	91.08	1140335	9.09
501 to 1000	532	4.23	398317	3.18
1001 to 2000	285	2.26	421371	3.36
2001 to 3000	92	0.73	233133	1.86
3001 to 4000	35	0.28	124761	0.99
4001 to 5000	28	0.22	127823	1.02
5001 to 10000	63	0.50	451321	3.60
10001 & above	88	0.70	9646800	76.90
TOTAL	12590	100.00	12543861	100.00

Category	Number of share holders	Share holders %	Number of Shares held	Share holding %
Physical	5478	43.51%	904505	7.21%
Electronic	7112	56.49%	11639356	92.79%
Total	12590	100.00%	12543861	100.00%

Note : The Company has issued 15.00 lacs warrants eligible for preferential issue of one equity share against each warrant to promoters and others on payment of Rs.75.83 per equity share including premium of Rs.65.83 per equity share. 10% issue price was received as advance. Out of Rs.15.00 lacs warrants, Rs.11.25 lacs warrants have been converted into fully paid equity shares. Balance Rs.3.75 lacs warrants converted into equity shares on 6th April, 2007.

VII. SHAREHOLDER INFORMATION

1. 31th Annual General Meeting (to be held)

Date : 8th August, 2007
Time : 4.00 p.m.
Venue : Industrial Area, Dohad Road, Banswara – 327 001 (Raj.)

2. Date of Book Closure

The register of members and share transfer books of the Company shall remain closed from 4th August, 2007 to 8th August, 2007 (both days inclusive).

3. Tentative Financial Calendar

First Quarter Results & Limited Review	End July, 2007
Second Quarter/ half yearly results	End Oct. 2007
Limited Review on second quarter/half yearly results	End Nov. 2007
Third Quarter Results & Limited Review	End Jan. 2008
Audited Annual Results (2007-08)	End June, 2008

4. Dividend Payment Date (Tentative) : Dividend for the year 2006-07 if approved by the shareholders will be paid on or after 11th August, 2007.

5. Listing of Equity Shares on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Ltd., Mumbai and National Exchange of India Ltd., Mumbai.

During the year equity shares of the company was delisted (as approval by shareholders in 30th Annual General Meeting held on 12th July, 2006) from Jaipur Stock Exchange and the Delhi Stock Exchange Association Ltd. The Company got its equity shares listed with National Stock Exchange Ltd. on 6th April, 2007.

The requisite listing fees have been paid for the year 2007-08 to both the Stock Exchanges.

6. Registered Office

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

7. Dematerialization of shares and liquidity :

The Company's shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central 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 92.79% of the Paid-up Capital have so far been dematerialized by Investors. 775000 No. of Shares issued to Promoters due to conversion of warrants are subject to lock in period up to 7th October, 2008 as per SEBI guidelines. As per prelisting condition of Bombay Stock Exchange Ltd., 189425 shares issued to promoters of the Company due to amalgamation of erstwhile Banswara Textile Mills Ltd. with the Company are also under lock-in till 31.12.2009.

8. Stock Code

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

9. Market Price Data

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

Month	BOMBAY STOCK EXCHANGE LTD., MUMBAI	
	High (Rs.)	Low (Rs.)
April, 2006	103.70	81.00
May, 2006	205.00	104.95
June, 2006	127.50	75.95
July, 2006	115.50	87.00
August, 2006	123.30	76.05
September, 2006	94.10	76.10
October, 2006	93.65	80.00
November, 2006	90.00	65.10
December, 2006	82.20	69.00
January, 2007	91.00	72.80
February, 2007	85.00	65.00
March, 2007	69.90	57.00

10. Address for correspondence

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

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

- (a) Mr. Patrick
M/s. Computech Sharecap Ltd.
(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.)

11. Information on Shareholders' meetings

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

Date	Time	Venue
12 th July., 2006	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001
26 th Sept.,2005	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001
13 th July, 2004	4.00 PM	Regd. Office : Indl. Area, Dahod road, Banswara –327 001

12. Postal Ballot

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

13. Non-Mandatory Requirements

The Company has not adopted any non-mandatory requirements.

14. Disclosures

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

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

15. Means of Communication

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

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

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

16. Reappointment of Directors

Appointment of Shri Ravi Toshniwal, Joint Managing Director is expiring on 23rd August, 2007. The Remuneration Committee and the Board of Directors of the Company in its meeting held on 24th May, 2007 has recommended and reappointed Shri Ravi Toshniwal, Joint Managing Director for a further period of 5 years from 24th August, 2007 to 31st July, 2012.

Brief particulars of Shri Ravi Toshniwal are given below:-

Shri Ravi Toshniwal, aged 43 years, is B.Tech. (Chem. Engg.) from IIT, Mumbai and has over 15 years experience in the field of textile industry. He is holding post of Jt. Managing Director. During his tenure the company has made impressive growth in all the fields both in volume and value as indicated in the Financial Performance. Shri Ravi Toshniwal is also looking after overall activities of the company.

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

S.No.	Name of the Company
1.	Shaleen Syntex Ltd.
2.	Carreman Fabrics India Ltd.

Name of Public Limited Companies in which Shri Ravi Toshniwal is Member/ Chairman of the Committee.

S.No.	Name of the Company
	Nil

Three Non-Executive Directors are due for retirement by rotation at this Annual General Meeting and are eligible for re-appointment.

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

1) **Shri S.B. Agarwal**, Aged 68 years, Consultant, is on the Board of the Company for the last 2 years.

Name of Public Limited Companies in which Shri S.B. Agarwal is Director :-

S.No.	Name of the Company
1.	Technocraft Ltd.
2.	Bombay Rayon Fashion Ltd.

Name of Public Limited Companies in which Shri S.B. Agarwal is Member/Chairman of the Committee

S.No.	Name of the Company
1.	Technocraft Ltd.

2) **Shri Vijay Kumar Agarwal**, Aged 57 years, is on the Board of the Company for the last 2 years.

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

S.No.	Name of the Company
1.	Raviraj Creative Infrastructure Ltd.

Name of Public Limited Companies in which Shri Vijay Kumar Agarwal is Member/ Chairman of the Committee.

S.No.	Name of the Company
	Nil

3) **Shri Kamal Kishore Kacholia**, Aged 56 years, Industrialist, is on the Board of the Company for the last 26 years.
Name of Public Limited Companies in which Shri Kamal Kishore Kacholia is Director :-

S.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 the Committee.

S.No.	Name of the Company
	Nil

17. Plant Locations

1	Banswara Syntex Ltd. Banswara Syntex Ltd. (Unit - BTM) Banswara Syntex Ltd. (Unit - BFL)	Industrial Area Dohad Road BANSWARA-327 001 (Rajasthan)
2	Readymade garment Unit - I "Banswara Garments" Readymade garment Unit – II "Banswara Garments"	98/3, Village Kadaiya Nani Daman DAMAN -396 210 (U.T.) Survey No.713/1, 713/2 713/3, 725/2 and 725/1 Village Dabhel, Nani Daman Dist. DAMAN - 396210 (U.T.)
3	Banswara Syntex Ltd.	Plot No. 5 & 6, GIDC Apparel Park, Sez Sachin SURAT – 394230 (Gujarat)

VIII. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

The above report has been placed before the Board at its meeting held on 24th May, 2007, the same has been duly approved.

FOR BANSWARA SYNTEX LIMITED,

Place : Mumbai
Date : 24th May, 2007

R.L. TOSHNIWAL
Chairman & Managing Director

CERTIFICATE

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, 2007 as stipulated in Clause 49 of the Listing Agreement 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 Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors 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

Place : Mumbai
Date : 24th May, 2007

K.L. JHANWAR
Partner
M.No. 14080

MANAGEMENT DISCUSSION AND ANALYSIS

The core business of the Company is manufacturing and marketing of synthetic blended yarn, cotton yarn, fabrics, fabric-processing and readymade garments. The management discussion and analysis is given in sub-paragraphs (a) to (j) below:

a) Industry structure and development

Almost all the large and medium scale industries are expanding their production capacity. The Central Government decision to continue the TUF scheme for the 11th Five Year Plan will further strengthen the production capacities. There was tremendous speculation and apprehension last year about how the Indian Textile industry will withstand the pressures of competition from the global manufacturers particularly China. It also threatened to bring to the surface the deep rooted problems of commitment to the delivery, schedule, capacity constraints and logistics etc. etc. The Indian Textile Industry, we believe has taken these in its stride and adopted itself to the rapidly changing environment.

The Chinese Industry has major share in the world textile trade but the operating segments of Chinese and Indian manufacturers are different. Chinese mainly concentrated on bulk manufacturing at lower cost, Indian manufacturers have concentrated on value addition. Thus Indian Textile Industry is mostly operating in different market segment.

Indian spinning industry has reasonably increased the spinning capacities, but there is strong requirement for adding more capacities for quality finishing of the fabric and more garmenting capacity.

b) Opportunities, threats/risks and concerns

India is fast becoming a preferred destination for several global brands for sourcing their requirements in the textile and apparel segment. India has all the requisites for emerging as a long term sourcing hub for textile

and apparel in terms of a stable political climate, trade friendly laws, a well balanced economy as well as key factors like abundant raw material supply, established textile base and a varied and flexible product mix. The industry has to set up global scale capacities and have a buyer centric approach rather than being price sensitive. The industry has to set up integrated capacities and become a full-fledged solution provider.

c) Segment-wise performance

The Company is engaged in manufacture of textile products such as yarn, fabric, garments, etc. having integrated facilities. For management purposes, the Company has only one major operating activity, viz. textile products. Accordingly, the Company is of the view that it has only a single business segment. The Company has no activity outside India except export of textile products manufactured in India, thus there is no geographical segment.

d) Outlook

The Company has entered into the Joint Venture with Carreman, France. They are among the preferred supplier of the most reputed USA and European brands for the Ladies Fashion Wear. The Joint Venture Company started commercial production during the year and we anticipate substantial improvement in the fabric and garment business with Carreman, France.

After passing considerable time of quota removal on 1st January, 2005, Indian Textile Industry has established its good market position in the international market. The Indian textile products are well accepted in the international market. Your Company is continuously upgrading its plant and machinery diversifying its product and also expanding its installed capacity. Looking to all these, it is improving the business relation with the international customers.

We are augmenting our capacity, and during the coming

year, our spinning capacity shall increase by 25%, weaving capacity by 50% and garments capacity about 100%. Necessary upgradation of our Process House has also been carried out simultaneously. We shall also add Worsted Yarn Spinning capacity.

The Company's coal based Power Plant is going into production from 01st July 2007, which will bring down the power cost substantially. The future of your Company appears reasonably bright, and the cost reduction in power should further improve its profitability.

e) Internal control system

The Company has a professional internal control system, which provides adequate safeguards and effective monitoring of the transactions. The Company has a strong and independent Internal Audit Department. The Internal Auditor reports to the Managing Director and the Audit Committee of the Board. Personnel of Internal Audit Department conduct periodical audits in all the areas to ensure that the Company's control mechanism is properly followed and all statutory requirements are duly complied with.

f) Discussion on financial performance with respect to operating performance

The operating performance of the Company has been detailed in the first two paragraphs of this Director's report under the head 'Financial Review' and 'Operations.'

g) Developments in human resources and industrial relations

Your Company's progress is a reflection and outcome of the human resources it has. Your company has

fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously improve on their efficiency. The industrial relations remained cordial throughout the year.

h) Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions may be "forward looking" within the meaning of applicable laws or regulations. Actual results may differ materially from those expressed or implied.

i) Major events during the year

- i) The Company's Joint Venture Company, Carreman Fabrics India Ltd. started the commercial production in July, 2006.
- ii) The Company's Garment unit at Dabhel, Nani Daman, starts commercial production during the year.
- iii) The Company started construction of building for setting up of garment unit at SEZ Area of Surat.
- iv) The Company purchase 17762 Sq. Mtr land with building constructed thereon at Banswara, near its existing production.
- v) The company has issued bonus shares to its shareholders.
- vi) During the year the Company got its equity shares listed with National Stock Exchange of India Ltd.
- vii) Started commissioning of 18 MW Thermal Power Plant

j) Profit before tax

The profit before tax for the year 2006-07 is 2278.49 lacs i.e. 5.98% of sales as against Rs.1570.59 lacs i.e.4.96% of sales in the Financial Year 2005-06.

FOR BANSWARA SYNTEX LIMITED,

Place : Mumbai
Date : 24th May, 2007

R.L. TOSHNIWAL
Chairman & Managing Director

ANNEXURE-III TO DIRECTOR'S REPORT

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

S. No.	Name of the Employees	Designation & nature of duties	Remuneration (Rs. in Lacs)	Qualification & Experience (No. of years)	Age (Years)	Date of Commencement of employment	Previous employer designation, period of service (No. of years)
A. Employed through-out the year and were in receipt of remuneration aggregate of not less than Rs.24,00,000/- per annum							
1.	Shri R.L. Toshniwal	Chairman & Managing Director	60.50	M.Sc. (Tex.) Leeds University, England (43)	73	01.08.77	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
2.	Shri Ravi Toshniwal	Jt. Managing Director	55.31	B.Tech (Chem. Engg.) (14)	43	24.08.92	-
3.	Shri Rakesh Mehra	Whole time Director	55.51	F.C.A (18)	50	01.10.93	R.R. Toshniwal Enterprises Chief Executive (5)
4.	Shri Shaleen Toshniwal	Whole time Director	46.38	MBA (3)	30	21.10.03	-
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 four and the nature of their employment is contractual.
- 2) The above figures are for the twelve months period from 1.4.2006 to 31.3.2007.
- 3) Remuneration comprises salary, allowances, monetary value of perquisites, commission out of profit and Company's contribution to provident fund.
- 4) In addition to the above remuneration, employees are also entitled to gratuity.
- 5) All the four employees mentioned in the list hereinabove are related to each other.

AUDITORS' REPORT

TO THE MEMBERS, BANSWARA SYNTEX LIMITED

We have audited the attached Balance Sheet of BANSWARA SYNTEX LIMITED, as at 31st March 2007 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 (Auditor's 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, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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, 2007;
 - 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

K. L. JHANWAR
Partner
M.No.14080

Place : Mumbai
Dated: 24th May, 2007

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 2007.

- (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 (Auditor's Report) Order, 2003 are not applicable.
 - (b) Unsecured loans taken from 6 (six) persons covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs. 130.18 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, but few transactions could not be compared as the material supplied/ services rendered by such parties are either in short supply or not supplied / services rendered by any other party.
- (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.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31.03.2007 for a period of more than six months from the date they became payable, except that of Service Tax and Cess thereon of Rs. 35.06 lacs, which has since been paid.
- (c) 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.
- (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 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 (Auditor's 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 (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to information & explanations given to us, the company has given guarantee for Rs. 1950 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 made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, in accordance with the guidelines issued by Securities Exchange Board of India and is not prejudicial to the interest of the company.
- (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 by the Company has been noticed or reported during the course of our audit.

For KALANI & COMPANY
Chartered Accountants

K. L. JHANWAR
Partner
M.No.14080

Place : Mumbai
Date : 24th May, 2007

BALANCE SHEET

AS AT 31st March, 2007

Rupees in Lacs

	Schedule	As at 31st March, 2007		As at 31st March, 2006	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,424.50		776.95	
Share Application Money (Ref. Note No.6)		285.01		245.69	
Reserves & Surplus	2	<u>6,462.57</u>	8,172.08	<u>5,298.75</u>	6,321.39
Deferred Tax Liability			1,956.78		1,841.43
Loan Funds					
Secured Loans	3	23,043.22		17,682.39	
Unsecured Loans and Deferred Payment Credits	4	<u>1,532.87</u>	24,576.09	<u>1,509.01</u>	19,191.40
			<u>34,704.95</u>		<u>27,354.22</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	28,164.92		23,843.34	
Less: Depreciation		<u>9,496.69</u>		<u>8,096.60</u>	
		18,668.23		15,746.74	
Add: Capital work-in-progress		4,387.35		483.58	
Add: Advance on Capital Account		<u>1,396.32</u>		<u>807.52</u>	
Net Block			24,451.90		17,037.84
Investments					
Current Assets, Loans & Advances	6		653.29		278.31
Inventories	7	8,236.31		7,730.82	
Sundry Debtors	8	3,030.36		2,879.92	
Cash & Bank Balances	9	613.63		614.96	
Loans & Advances	10	1,443.03		1,873.48	
Other Current Assets	11	<u>1,997.53</u>		<u>1,729.86</u>	
		15,320.86		14,829.04	
Less: Current Liabilities & Provisions					
Current Liabilities	12	4,852.31		4,211.69	
Provisions	13	<u>872.91</u>		<u>600.85</u>	
Net Current Assets			9,595.64		10,016.50
Miscellaneous Expenditure (to the extent not written off)	14		4.12		21.57
			<u>34,704.95</u>		<u>27,354.22</u>
Accounting Policies & Notes on Accounts	23				

Schedule 1 to 14 and notes in schedule 23 form part of this Balance Sheet.

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered Accountants

R.L.TOSHNIWAL
Chairman & Managing Director

RAVI TOSHNIWAL
Joint Managing Director

K.L. JHANWAR
Partner
M.No. 14080

Directors
RAKESH MEHRA, Wholetime Director
SHALEEN TOSHNIWAL, Wholetime Director
D.S. ALVA
P. KUMAR
D.P. GARG
KAMAL K. KACHOLIA
VIJAY MEHTA
P.A. MAKWANA, Nominee - Exim Bank

Place : Mumbai
Dated : 24th May, 2007

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

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st March, 2007

Rupees in Lacs

	Schedule	Current Year 31st March, 2007	Previous Year 31st March, 2006
INCOME			
Sales	15	39,756.00	32,855.05
Job Income		291.47	270.26
		<u>40,047.47</u>	<u>33,125.31</u>
Less : Excise Duty		1,948.28	1,462.80
Other Income	16	326.97	230.68
Accretion/ (Decretion) to Stock	17	811.19	278.95
Export Growth Entitlements		150.55	426.24
Inter-Division Transfers		7,730.04	5,806.02
		<u>47,117.94</u>	<u>38,404.40</u>
EXPENDITURE			
Materials	18	26,020.52	21,574.31
Manufacturing Expenses	19	8,887.13	7,032.91
Payments to and Provisions for Employees	20	2,805.24	2,321.91
Administrative & Selling Expenses	21	3,394.72	2,886.68
Financial Expenses	22	1,780.96	1,437.11
Excise Duty		325.27	249.94
Profit Before Depreciation & Tax		<u>3,904.10</u>	<u>2,901.54</u>
Depreciation		1,625.63	1,330.94
Profit Before Tax		<u>2,278.47</u>	<u>1,570.60</u>
Less: Taxes on Income			
Fringe Benefits Tax		23.17	25.71
Current Tax		645.62	210.00
Deferred Tax		115.35	409.19
Profit After Tax		<u>1,494.33</u>	<u>925.70</u>
Balance Brought Forward		509.41	322.56
Profit Available for Appropriations		<u>2,003.74</u>	<u>1,248.26</u>
APPROPRIATIONS			
Proposed Dividend on Preference Shares		4.62	—
Proposed Dividend on Equity Shares		250.37	155.39
Tax on Dividend		43.32	21.80
Transfer in Capital Reserve (Net of Tax)		—	61.66
Transfer to General Reserve		1,200.00	500.00
Balance Carried to Balance Sheet		<u>505.43</u>	<u>509.41</u>
Earning Per Share Basic (Rs.)		12.20	8.10
Earning Per Share Diluted (Rs.)		11.67	7.48
Accounting Policies & Notes on Accounts	23		

Schedule 15 to 22 and notes in schedule 23 form part of this Profit & Loss Account .

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered AccountantsR.L.TOSHNIWAL
Chairman & Managing DirectorRAVI TOSHNIWAL
Joint Managing DirectorK.L. JHANWAR
Partner
M.No. 14080J. K. JAIN
Sr. Vice President (Finance & Commerce)
& Company SecretaryDirectors
RAKESH MEHRA, Wholetime Director
SHALEEN TOSHNIWAL, Wholetime Director
D.S. ALVA
P. KUMAR
D.P. GARG
KAMAL K. KACHOLIA
VIJAY MEHTA
P.A. MAKWANA, Nominee - Exim BankPlace : Mumbai
Dated : 24th May, 2007

SCHEDULES

Schedule 1 to 23 Annexed to and forming integral part of the Accounts for the year ended 31st March, 2007

	As at 31st March, 2007	Rupees in Lacs As at 31st March, 2006
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	500.00	500.00
	<u>2,500.00</u>	<u>2,500.00</u>
Issued & Subscribed		
1,25,43,861 Equity Shares of Rs.10/- each * (78,11,723 Equity Shares of Rs.10/- each)	1,254.39	781.17
1,73,000 3% Redeemable Preference Shares of Rs. 100 Each	173.00	—
	<u>1,427.39</u>	<u>781.17</u>
Paid Up		
1,25,43,861 Equity Shares of Rs.10 each (78,11,723 Equity Shares of Rs.10 each)	1,254.39	781.17
Less: Allotment money due		
From Directors	—	—
From Others	2.89	4.22
	<u>1,251.50</u>	<u>776.95</u>
1,73,000 3% Redeemable Preference Shares of Rs. 100 Each	173.00	—
	<u>1,424.50</u>	<u>776.95</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 41,57,138 Equity Shares were issued as fully paid up Bonus Shares by way of Capitalisation of Securities Premium Account.		
Note : Company has issued 15.00 lac warrants eligible for preferential issue of one equity share against each warrant to promoters and others on payment of Rs. 75.83 per equity share including premium of Rs. 65.83 per equity share. 10% issue price was received as advance. Out of 15.00 lacs warrants, 11.25 lacs warrants have been converted into fully paid equity shares. Balance 3.75 lacs warrants are to be converted into equity shares in April, 2007.		
SCHEDULE '2' RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	202.39	36.76
Add : Capital Reserve of BTML	—	22.70
Transfer from Profit & Loss Account (Net Of Tax)	—	61.66
On Account of Share Exchange Ratio	—	37.77
Investment Allowance Reserve (Utilised) Transferred	—	43.50
	<u>202.39</u>	<u>202.39</u>
Securities Premium Account		
As per last Balance Sheet	1,552.78	1,179.91
Add : Received During the year	383.51	372.87
Less: Utilised for Issue of Bonus Share	415.71	—
	<u>1,520.58</u>	<u>1,552.78</u>
General Reserve		
As per last Balance Sheet	3,034.17	2,399.31
Add : Balance of Profit & Loss a/c of BTML	—	134.86
Transfer from Profit & Loss a/c	1,200.00	500.00
	<u>4,234.17</u>	<u>3,034.17</u>
Investment Allowance Reserve (Utilised)		
As per last Balance Sheet	—	43.50
Less : Transfer in Capital Reserve	—	43.50
	<u>—</u>	<u>—</u>
Revaluation Reserve		
As per last Balance Sheet	—	2.66
Less : Deduction on Sale of Revalued Machinery	—	2.66
	<u>—</u>	<u>—</u>
Profit & Loss Account		
	505.43	509.41
	<u>6,462.57</u>	<u>5,298.75</u>

Rupees in Lacs

As at
31st March, 2007

As at
31st March, 2006

SCHEDULE '3' SECURED LOANS
Term Loans From Financial Institutions / Banks

Industrial Development Bank Of India	1,971.31	2,398.31
Bank of Baroda	2,480.84	1,201.67
Punjab National Bank	4,991.30	3,031.70
Export Import Bank of India	4,715.58	1,914.72
Union Bank of India *	1,377.11	1,595.48
Bank of India	696.51	530.79
From Others	57.17	52.77
Interest Accrued and Due on Term Loans	81.25	43.66
	<u>16,371.07</u>	<u>10,769.10</u>

Deferred Payment Credits

Deferred payment credits under Rajasthan Sales Tax Deferment Scheme	<u>268.62</u>	<u>226.86</u>
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Working Capital Loans from Banks

Punjab National Bank	4,565.84	3,723.35
Union Bank of India **	1,057.72	1,535.51
Bank of Baroda	350.15	828.03
Bank of India	429.82	599.54
	<u>6,403.53</u>	<u>6,686.43</u>
	<u>23,043.22</u>	<u>17,682.39</u>

Securities
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. However, documentation for joint equitable mortgage in respect of term loans of Rs. 5000 lacs is yet to be executed.

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 loan of Rs 5000 lacs from Export Import Bank of India & for term loan of Rs. 911.40 lacs from Export Import Bank of India, which is guaranteed only by Shri R.L.Toshniwal, Chairman & Managing Director.

* Includes Term Loan of Rs. 188.00 lacs of erstwhile Banswara Textile Mills Ltd. (e BTML) secured by joint equitable mortgage of land & building acquired by e BTML vide lease agreement dated 11-6-1980 and 20-6-1980, registered at Book No. 1, admeasuring 54 bigha, 12 biswa and/ or hypothecation of plant & machinery all present and future of e BTML and guaranteed by Shri R.L.Toshniwal, Chairman & Managing Director and Shri Shaleen Toshniwal, Wholetime Director in their personal capacities.

For Others:

Term Loans from others are for hire purchase 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.

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.

** Includes Rs. 78.95 lacs in name of e BTML secured by way of hypothecation of raw material, stock in process, finished goods, stores & spares and book debts and guaranteed by Shri R.L.Toshniwal, Chairman & Managing Director and Shri Shaleen Toshniwal, Wholetime Director in their personal capacities.

Rupees in Lacs
As at
31st March, 2006

As at
31st March, 2007

**SCHEDULE '4' UNSECURED LOANS AND DEFERRED
PAYMENT CREDITS**

Unsecured Loans:

Fixed Deposits :	From Directors	21.23		13.82	
	From Others	799.90	821.13	<u>724.46</u>	738.28
Long Term Loans from Corporates			200.25		205.35
Short Term Loans :	From Bank	502.54		504.36	
	From Others	8.95	511.49	<u>8.84</u>	513.20
Deferred Payment Credits			—		<u>52.18</u>
			<u>1,532.87</u>		<u>1,509.01</u>

Note :

Short term loan from Bank is guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities.

SCHEDULE '5' FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 01-04-2006	Additions	Deductions/ Adjustment	As at 31-03-2007	Up to 31-03-2007	As at 31-03-2007	As at 31-03-2006
Lease Hold Land & Site Development	272.55	-	7.55	265.00	-	265.00	272.55
Free Hold Land & Site Development	47.13	-	-	47.13	-	47.13	47.13
Road & Buildings	2,704.22	824.15	-	3,528.37	606.85	2,921.52	2199.05
Plant & Machinery	19,561.92	3,515.89	264.34	22,813.47	8,121.76	14,691.71	12595.50
Building Machinery	1.38	-	-	1.38	1.31	0.07	0.07
Electric & Water Supply Installation	593.42	62.78	-	656.20	315.26	340.94	317.86
Furniture & Fixtures	250.07	84.33	-	334.40	209.33	125.07	85.40
Office Equipments	229.84	64.28	-	294.12	174.07	120.05	104.44
Live Stock	0.07	-	-	0.07	-	0.07	0.07
Vehicles	182.74	61.90	19.86	224.78	68.11	156.67	124.67
TOTAL	23,843.34	4,613.33	291.75	28,164.92	9,496.69	18,668.23	15,746.74
Capital Work-In-Progress						4,387.35	483.58
Advance on Capital Account						1,396.32	807.52
						<u>24,451.90</u>	<u>17,037.84</u>

(1) Road & Buildings include Rs.234.37 lacs paid for acquiring 539 equity shares of M/s Rastogi Estate & Construction Co. (Pvt.) Ltd. attached with right of ownership and possession of office building at Mumbai.

(2) Depreciation for the Year **Rs. 1,625.63 lacs** (Rs.1,330.93 lacs)

Rupees in Lacs

 As at
 31st March, 2007 As at
 31st March, 2006

SCHEDULE '6' INVESTMENTS (AT COST)
I. Long Term (Trade)
A) Quoted

In Equity Shares 3,00,000 (50,000) Equity Shares of Rs. 10/- each of Banswara Fabrics Ltd. (Quotation not available)	30.00	5.00
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B) Unquoted
Government & Other Securities

National Savings Certificate (Deposited with State and Central Excise Authorities)	0.13	0.13
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Investment in Joint Venture Company

61,99,700 (22,49,700) Equity Shares of Rs. 10/- each of Carreman Fabrics India Ltd.	620.07	225.07
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Share Application Money for Equity Shares
of Carreman Fabrics India Ltd.

– 45.02

Shares in Co-operative Bank

500 Equity Shares of Rs. 10/- each of New Indian Co. Operative Bank Ltd.	0.05	0.05
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Sub Total (I)

650.25 275.27

II. Current (Other Investment -Quoted)

10,114 Equity Shares of Rs. 10/- each of Union Bank of India	3.04	3.04
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Sub Total (II)

3.04 3.04

Total (I + II)

653.29 278.31

Investments aggregate value of
Quoted Investment

Book Value	33.04	8.04
Market Value	40.52	14.55

Unquoted Investment

620.25 270.27

SCHEDULE '7' INVENTORIES*

(At lower of Cost or Net Realisable Value)

Raw Materials		2,680.27	3,092.38
Stores & Spares		562.65	456.24
Works-in-Process		798.74	796.80
Finished Goods			
Yam	1,396.50		998.91
Cloth Grey	967.84		839.47
Cloth Processed	1,594.35		1,352.15
Garment	219.47		147.29
Waste	16.49		47.58
		<u>4,194.65</u>	<u>3,385.40</u>
		<u>8,236.31</u>	<u>7,730.82</u>

*** Includes:**

- (i) In transit **Rs. 471.01 Lacs** (Rs. 434.78 Lacs)
 (ii) With others **Rs. 385.60 Lacs** (Rs. 259.57 Lacs)

	As at 31st March, 2007	Rupees in Lacs As at 31st March, 2006
SCHEDULE '8' SUNDRY DEBTORS (Unsecured)		
Outstanding Exceeding Six Months		
Considered Good	173.38	186.15
Considered Doubtful	<u>67.33</u>	<u>45.54</u>
	240.71	231.69
Less: Provision for Doubtful Debts	<u>67.33</u>	<u>45.54</u>
	173.38	186.15
Other Debts		
Considered Good	<u>2,856.98</u>	<u>2,693.77</u>
	<u>3,030.36</u>	<u>2,879.92</u>
SCHEDULE '9' CASH & BANK BALANCES		
Cash on Hand	27.42	20.95
Bank Balances		
Scheduled Banks:		
-Fixed Deposits (Including Interest)*	453.85	257.76
-Current Account	<u>132.36</u>	<u>336.25</u>
	586.21	594.01
	<u>613.63</u>	<u>614.96</u>
* Fixed Deposits with interest pledged with Bankers and Government authorities Rs.296.35 Lacs (Rs. 159.89 Lacs)		
SCHEDULE '10' LOANS AND ADVANCES		
(Unsecured-Considered Good)		
Advance recoverable in cash or in kind or for value to be received	985.99	1,528.01
Loans to Employees & Workers	51.73	34.86
Loans to Companies	-	25.00
Security Deposits with Govt.Deptt. & others	184.91	162.40
Prepaid Expenses	<u>220.40</u>	<u>123.21</u>
	<u>1,443.03</u>	<u>1,873.48</u>
SCHEDULE '11' OTHER CURRENT ASSETS		
A) RECEIVABLES AGAINST EXPORT		
Duty Entitlements Pass Book	465.94	665.70
Others	<u>1,032.07</u>	<u>789.45</u>
	1,498.01	1,455.15
B) OTHER CLAIMS RECEIVABLE		
	<u>499.52</u>	<u>274.71</u>
	<u>1,997.53</u>	<u>1,729.86</u>
SCHEDULE '12' CURRENT LIABILITIES		
Sundry Creditors	4,566.08	3,940.65
{Including book overdrawn Rs. 201.59 Lacs (53.69 Lacs)}		
{Including SSI Suppliers Rs. 12.37 Lacs (5.88 Lacs)}		
Unclaimed Dividend	7.40	4.19
Security Deposits	41.71	28.27
Interest accrued but not due	16.81	45.69
Other Liabilities	<u>220.31</u>	<u>192.89</u>
	<u>4,852.31</u>	<u>4,211.69</u>

		As at 31st March, 2007	Rupees in Lacs As at 31st March, 2006
SCHEDULE '13' PROVISIONS			
Proposed Dividend			
	Preference	Equity	
As per last Balance Sheet	–	155.39	155.39
Additions during the year	4.62	250.37	254.99
Amounts used during the year	–	(155.46)	(155.46)
Amounts reversed during the year	–	–	–
Closing Balance	<u>4.62</u>	<u>250.30</u>	<u>254.92</u>
Tax on Proposed Dividend			
As per last Balance Sheet	–	21.80	21.80
Additions during the year	0.78	42.54	43.32
Amounts used during the year	–	(21.80)	(21.80)
Amounts reversed during the year	–	–	–
Closing Balance	<u>0.78</u>	<u>42.54</u>	<u>43.32</u>
Retirement Benefits			
A) Gratuity			
As per last Balance Sheet			258.11
Additions during the year			73.02
e BTML Opening Balance			–
Amounts used during the year			(42.19)
Amounts reversed during the year			–
Closing Balance			<u>288.94</u>
B) Leave Encashment			
As per last Balance Sheet			35.54
Additions during the year			28.09
e BTML Opening Balance			–
Amounts used during the year			(19.52)
Amounts reversed during the year			–
Closing Balance			<u>44.11</u>
Taxation			
As per last Balance Sheet			130.01
Additions during the year			645.62
e BTML Opening Balance			–
Amounts used during the year			(534.01)
Amounts reversed during the year			–
Closing Balance			<u>241.62</u>
			<u>872.91</u>
SCHEDULE '14' MISCELLANEOUS EXPENDITURE			
(To the extent not written off)			
Interest on Deferred Payment Credits			–
Unpaid Hire Charges			4.12
			<u>4.12</u>
			<u>21.57</u>

	Current Year 31st March, 2007	Rupees in Lacs Previous Year 31st March, 2006
SCHEDULE '15' SALES		
Yam	22,347.68	20,300.06
Cloth	14,424.17	10,883.90
Garment	2,291.63	1,375.50
Waste	328.49	140.74
Fibre 4,79,781 Kgs.(97,367 Kgs.)	266.27	59.31
Scrap	96.76	95.54
Trading Goods	1.00	-
	<u>39,756.00</u>	<u>32,855.05</u>
SCHEDULE '16' OTHER INCOME		
Rent received	2.15	2.20
Profit on sale of fixed assets	13.94	82.19
Liabilities no Longer Required Written Back	9.92	9.81
Gain in Forward Exchange Contract	163.31	79.30
Exchange Rate Fluctuation	7.02	-
Income Tax Refund	51.96	-
Dividend Received	0.51	0.13
Others	78.16	57.05
	<u>326.97</u>	<u>230.68</u>
SCHEDULE '17' ACCRETION / (DECRETION) TO STOCK		
Closing Stock		
Yam	1,396.50	998.91
Cloth Grey	967.84	839.47
Cloth Processed	1,594.35	1,352.15
Work-in-Process	798.74	796.80
Waste	16.49	47.58
Garment	219.47	147.29
	<u>4,993.39</u>	<u>4,182.20</u>
Less : Opening Stock		
Yam	998.91	1,254.43
Cloth Grey	839.47	753.06
Cloth Processed	1,352.15	1,207.29
e BTML Stock	-	4.20
Work-in-Process	796.80	577.78
Waste	47.58	12.36
Garment	147.29	94.13
	<u>4,182.20</u>	<u>3,903.25</u>
	<u>811.19</u>	<u>278.95</u>

	Current Year 31st March, 2007	Rupees in Lacs Previous Year 31st March, 2006
SCHEDULE '18' MATERIALS		
Raw Material Consumed		
Opening stock	3,092.38	2,125.33
Add : Purchases (Excluding for Sale/Claim)	17,764.07	16,308.28
: Inter Division Transfer	7,730.04	5,806.02
	<u>28,586.49</u>	<u>24,239.63</u>
Less : Closing stock	2,680.27	3,092.38
	<u>25,906.22</u>	<u>21,147.25</u>
Adjustments of Cenvat Credit	—	(129.70)
	25,906.22	<u>21,017.55</u>
Dyes & Chemicals Consumed		
	977.06	981.22
Purchase : Cloth	74.94	168.90
Yarn	153.02	720.96
Fibre 4,79,781 Kgs. (97,367 Kgs.)	264.50	55.35
	<u>492.46</u>	<u>945.21</u>
	27,375.74	22,943.98
Less: Duty Refund & Import Entitlements	1,355.22	1,369.67
	<u>26,020.52</u>	<u>21,574.31</u>
SCHEDULE '19' MANUFACTURING EXPENSES		
Stores & Spare Parts Consumed	1,334.78	1,068.77
Packing Expenses	588.23	464.66
Power & Fuel	4,691.07	3,764.19
Job Charges	1,894.84	1,303.06
Processing Expenses	64.23	57.53
Repairs to : Plant & Machinery	199.11	264.72
Building	91.64	92.68
Others	23.23	17.30
	<u>8,887.13</u>	<u>7,032.91</u>
SCHEDULE '20' PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Allowances, Bonus etc.	2,412.50	1,966.39
Contribution to Provident & Other Funds	278.63	236.28
Workmen & Staff Welfare Expenses	114.11	119.24
	<u>2,805.24</u>	<u>2,321.91</u>

Rupees in Lacs

Current Year
31st March, 2007Previous Year
31st March, 2006**SCHEDULE '21' ADMINISTRATIVE, SELLING & OTHER EXPENSES****Administrative Expenses**

Rent	36.89		32.61
Rates and Taxes	171.67		62.29
Managing Director's Remuneration	50.47		31.90
Directors' Remuneration	132.40		81.30
Insurance Charges	91.21		106.30
Payment to Auditors			
As Auditors			
-Fees	2.75		2.01
-Expenses	1.37		1.13
In other capacity			
-Tax Audit Fees	0.60		0.41
-Certification	1.55		1.14
-Taxation Matters	2.50		1.99
-Service tax	0.64		0.36
Directors' Fees	3.77		3.43
Travelling Expenses	29.04		29.85
Directors' Travelling Expenses	8.22		10.15
Foreign Travelling Expenses	75.74		73.52
Communication Expenses	69.06		66.07
Legal & Professional Expenses	108.92		37.57
Charity & Donation	7.44		14.45
Exchange Rate Fluctuation	-		12.05
Loss on Sale of Fixed Assets	7.92		8.34
Amalgamation Expenses	-		4.24
Miscellaneous Expenses	287.04		214.28
		1,089.20	795.39

Selling Expenses

Commission to Selling Agents	870.74		673.87
Brokerage and Cash Discounts	65.41		69.78
Freight, Octroi and Forwarding Charges	1,222.47		1,208.29
Claims	63.51		57.83
Advertisements	12.89		6.71
Provision for Doubtful Debts	36.11		34.75
Others	34.39		40.06
		2,305.52	2,091.29
		3,394.72	2,886.68

SCHEDULE '22' FINANCIAL EXPENSES**Interest on**

Term Loans	536.89		534.76
Bank & Others	1,178.54		813.87
	1,715.43		1,348.63
Less : Interest Received	156.27		106.44
(Tax Deducted at sources Rs.24.73 lacs)		1,559.16	1,242.19
Bank & Other Charges		221.80	194.92
		1,780.96	1,437.11

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A) ACCOUNTING POLICIES****1. System of Accounting**

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts.

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. Transfer price is considered as cost for stock out of inter-divisional transfer. Cost is measured on first in first out basis.

5. Sales, Job Income and Transfers

i) Sales are inclusive of duty realization and refunds but exclusive of sales tax charged.

ii) Job income is accounted for on delivery of finished goods inclusive of excise duty.

iii) Inter-divisional transfers are accounted for at assessable value under Excise laws inclusive of excise duty, wherever applicable.

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, Permanent Diminution in the value is provided for.

7. Benefits receivable against export and its obligation

Unutilised credits, entitlements under Duty Entitlements Pass Book (DEPB) schemes are accounted for in the year of export at market value. Duty Free Credit Entitlements received against export growth are accounted for at the value of credit allowed by the Central Government, considering virtual certainty.

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.

Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where these related to the acquisition of fixed assets acquired from a country outside India, the same are adjusted to the carrying cost of such assets.

9. Employees' Benefits

Actuarial Gain/Loss in respect of Employee Benefit Schemes are recognised in the Statement of Profit & Loss a/c.

10. Miscellaneous Expenditure

Interest on deferred payment credit and unpaid hire charges are charged to profit and loss account in the year of accrual.

11. Provision for doubtful debts

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

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

12. 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.

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 :-	(Rs.in Lacs)	
	As at <u>31.03.2007</u>	As at <u>31.03.2006</u>
a) Bills discounted with banks remaining outstanding		
i) Against Foreign LC	3,635.07	3,375.92
ii) Others	1,217.84	1,332.69
b) Letter of Credit established with banks	454.37	Nil
c) Guarantees given by the bankers on behalf of the company for which FDRs Rs.9.55 lacs (Rs.2.59 lacs) pledged with them.	95.44	19.38
d) Guarantees given by company to Banks for loan to Carreman Fabrics India Ltd	1,950.00	1,950.00
e) Claims against the company not acknowledged as debt :-		
a) Under Tax Laws	183.17	195.33
b) By Others:		
(i) On Revenue account	2.84	2.52
(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. 3406.58 lacs (Rs. 4425.79 lacs) and export obligation against EPCG licences Rs. 16846.72 lacs (previous year Rs. 11303.69 lacs)
3. In terms of Accounting Policy No.2, Borrowing Cost Rs. 15.84 lacs and Salary Rs. 17.74 lacs incurred during the construction /installation of fixed assets have been capitalized. Capital Work-In-Progress includes Pre-operative expenses of Rs. 117.87 lacs.
4. Advances includes amount due from officers of the Company Rs. Nil (Nil) with maximum debit balance Rs. 4.47 lacs (Rs. 2.22 Lacs). Debtors include Rs. Nil due from directors with maximum balance of Rs.78.24 lacs. It also includes Rs.Nil due from a partnership firm with maximum balance of Rs. 5.92 lacs in which directors are partners.
5. Sundry creditors include Small Scale Industries (SSI) based on the information available with the company, whose balances outstanding of more than 30 days are M/s Tirpuati Packo Plast, Associated Chemicals and Maharashtra Plastic Industries.
6. Share Application Money is for allotment of 3.75 lacs Equity Shares to be issued against Preferential Warrants.
7. During the year the company has received license for Duty Free Credit Entitlements of Rs. 150.55 lacs on achievement of targeted exports in the financial year 2005-06, have been accounted for as income in the current year.

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

8. Disclosures as required by Accounting Standards:

A) 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	31st March, 2007	Rs. In Lacs 31st March, 2006
Deferred Tax Liabilities		
i) Difference between accounting and tax depreciation (cumulative)	<u>2,178.32</u>	<u>2,030.01</u>
TOTAL	<u>2,178.32</u>	<u>2,030.01</u>
Deferred Tax Assets		
i) Accumulated unabsorbed depreciation	–	–
ii) Provision for doubtful debts (to date)	22.89	16.09
iii) Disallowances under section 43B for non payment of expenses	98.21	85.61
iv) Others	<u>100.44</u>	<u>86.88</u>
TOTAL (i to iv)	<u>221.54</u>	<u>188.58</u>
Net Deferred Tax Liabilities	<u>1,956.78</u>	<u>1,841.43</u>

Net current deferred tax liability of Rs. 115.35 lacs has been charged to Profit & Loss Account besides current tax Rs. 645.62 lacs as per Income Tax Act, 1961.

B) Accounting Standard 17 - “ Segment Reporting”

The Company is engaged in production of Textile products having integrated working. For management purposes, Company is organized into one major operating activity of the textile products. Accordingly Company is of view that it has only single business segment. The Company has no activity outside India except export of textile products manufactured in India. Thereby there is no geographical segment.

C) Accounting Standard 18 - “Related Party Disclosure”

The company has identified all the related parties having transaction during the year 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. :

Smt. Prem Toshniwal
Smt. Navneeta Mehra
Smt. Radhika Toshniwal
Smt. Sonal Toshniwal
Toshniwal Trust
Ms. Esha Toshniwal

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

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

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

Rs. in Lacs

Nature of Transaction	Related Parties		
	Referred in 1 (a) above	Referred in 1 (b) above	Referred in 1 (c) above
SALES			
Cloth	1,625.34	5.92	-
Yarn	-	293.94	-
JOB CHARGES			
Spinning	636.26	-	-
Weaving	486.16	-	-
EXPENSES			
Rent	-	-	9.60
Remuneration	-	217.71	-
Interest	-	2.12	9.51
Reimbursement of expenses (Net)	406.52	-	-
FINANCE			
Fixed Deposit Accepted	-	7.25	24.00
Fixed Deposit Repayment	-	-	-
OUTSTANDING			
Fixed Deposits	-	21.23	108.95
Amount Receivable	-	-	-
Amount Payable	162.15	-	-
Property Deposit	-	-	80.00
Capital Contribution	650.07	-	-

In respect of the outstanding balance recoverable as at 31st March, 2007, 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 :

	<u>Unit</u>	<u>2006-2007</u>	<u>2005-2006</u>
a. Amount used as the numerator Profit after tax, dividend on preference shares and tax thereon	Rs. In Lacs	1,488.93	925.70
b. Weighted average number of equity shares used as the denominator in computing Basic Earning per Share	No.	1,22,01,454	1,14,26,395*
Add : Potential number of equity shares that could arise on conversion of warrants into equity shares and bonus thereon	No.	5,62,500	9,50,000
Weighted average number of shares used in computing Diluted Earning per Share	No.	1,27,63,954	1,23,76,395*
c. Nominal value per share	Rs.	10	10
d. Earning Per Share :			
- Basic	Rs.	12.20	8.10
- Diluted	Rs.	11.67	7.48

*Includes 41,57,138 Bonus Shares issued during the current year for recalculation of EPS/ DPS as per AS 20.

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)
E) Accounting Standard 15 - "Employee Benefits"

Accounting Standard 15 (Revised) shall be made applicable w.e.f. 01.04.2007, as required by the Institute of Chartered Accountants of India and Companies (Accounting Standard) Rules, 2006.

9. Joint Venture

- A) The Company has entered into the Joint Venture with Carreman, France for 50% ownership interest in jointly controlled entity Carreman Fabrics India Ltd.
- B) The above Joint Venture Company is incorporated in India. The company's share of assets and liabilities as on 31st March, 2007 and income and expenses for the period ended on that date in respect of joint venture entities as per Unaudited Financial Statements is given below:

	31st March, 2007	Rs. In lacs 31st March, 2006
a) Assets		
Long Term Assets	1,762.12	1,034.63
Current Assets	<u>278.20</u>	<u>71.23</u>
Total (a)	<u>2,040.32</u>	<u>1,105.86</u>
b) Liabilities		
Long Term Liabilities	1,284.17	400.09
Current Liabilities	<u>83.66</u>	<u>312.36</u>
Total (b)	<u>1,367.83</u>	<u>712.45</u>
c) Contingent Liability	109.30	Nil
d) Capital Commitments	Nil	498.68
e) Incomes	1,186.16	Nil
f) Expenditures	1228.68	Nil
g) Miscellaneous Expenditure	Nil	6.50
(To the extent not w/off)		

The Company has given guarantee in favour of bankers of Carreman Fabrics India Ltd. for an amount of Rs. 1 ,950 lacs for term loan.

10. Managerial Remuneration and Perquisites :-

	Managing Director		Other Whole-time Directors	
	<u>2006-07</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2005-06</u>
Salary	22.00	13.60	49.40	27.94
Provident Fund	3.17	1.63	7.11	3.35
Benefits and Perquisites	10.03	5.44	24.80	13.38
Commission	<u>25.30</u>	<u>16.67</u>	<u>75.90</u>	<u>50.01</u>
	<u>60.50</u>	<u>37.34</u>	<u>157.21</u>	<u>94.68</u>

Computation of net profit in accordance with Section 198 read with section 309(5) of the Companies Act, 1956 and the commission payable to the Managing Director and other Whole-time Directors.

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	<u>2006-2007</u>	<u>2005-2006</u>
Profit before taxation	2,278.47	1,570.60
Add : Depreciation (As per Books)	1,625.63	1,330.94
Directors Remuneration	217.71	132.02
Directors' fees	3.77	3.43
Provision for doubtful debts (Net)	36.11	34.75
Loss on sales of fixed assets as per Books	7.92	8.34
	<u>4,169.61</u>	<u>3,080.08</u>
Less : Depreciation as per Section 349	1,625.63	1,330.94
Profit on sale of fixed assets as per Books	13.94	82.19
Loss on sales of fixed assets under section 349 (Net)	—	—
	<u>1,639.57</u>	<u>1,413.13</u>
Net Profit under section 198 of the Companies Act, 1956	<u>2,530.04</u>	<u>1,666.95</u>
Commission payable @ 1% of above profit to CMD, Jt. MD & 2 Whole - time Directors each.	<u>25.30</u>	<u>16.67</u>

11. Information in respect of :-

a) Licensed capacity	N.A.	N.A.
b) Installed capacity		
Yarn Spinning (Ring Spindles)	1,02,464	92,032
Yarn Spinning (Air Jet Spindles)	576	576
Fabric Weaving (Looms)	148	143
Fabric Processing (Stenters)	4	4
	(25 Chambers)	(22 Chambers)
Garment (Pcs.)	Not Assessed	Not Assessed

c) Quantitative details in respect of manufactured & other goods.

Goods Manufactured	Opening Stock	Production	Purchase/ Transfer	Sales/ Utilised	Closing Stock
Yarn (Kgs.)	7,99,407 (9,38,011)	2,03,55,343 * (1,92,92,760)	1,29,097 (7,02,970)	2,02,35,288 (2,01,34,334)	10,48,559 (7,99,407)
Cloth (Mtrs)	36,67,931 (37,54,909)	2,09,97,972 ** (1,64,24,107)	1,45,452 (6,00,166)	2,04,36,471 (1,71,11,251)	43,74,884 (36,67,931)
Garments (No. of Pcs)	57,804 (34,910)	6,57,850 *** (3,95,488)	Nil (Nil)	6,29,552 (3,72,594)	86,102 (57,804)
Waste (Kgs.)	2,39,054 (63,104)	14,66,447 (11,50,944)	Nil (Nil)	16,03,933 (9,74,994)	1,01,568 (2,39,054)

* Excluding job spg. for others

* Including job done by others

** Including job woven by others

** Excluding job weaving for others

** Excluding job processing for others

*** Including job done by others

*** Excluding job done for others

SCHEDULE '23' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)
12. (A) Quantitative details in respect of Raw Materials :-

	Opening Stock (Kgs.)	Purchase/ Transfer (Kgs.)	Consumption		Sales/ Adjustments (Kgs.)	Closing stock (Kgs.)
			(Kgs.)	(Rs. in Lacs)		
Fibre	35,42,875 (22,14,016)	2,08,41,435 (2,21,04,356)	2,17,03,470 (2,06,78,130)	16,965.71 (14,349.68)	4,79,781 (97,367)	22,01,059 (35,42,875)
Yarn	3,53,405 (2,79,001)	51,59,662 (42,13,119)	51,01,975 (41,38,715)	7,735.43 (5,943.38)	Nil (Nil)	4,11,092 (3,53,405)
Cloth (Mtrs.)	1,11,399 (30,426)	8,64,035 (6,34,901)	8,81,945 (5,53,928)	1,205.08 (724.49)	Nil (Nil)	93,489 (1,11,399)

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

	Rs. In Lacs
(i) Raw Material	679.50 (269.82)
(ii) Dyes & Chemicals	36.93 (141.27)
(iii) Components & Spare Parts	253.26 (324.42)
(iv) Yarn	Nil (51.64)
(v) Cloth	Nil (3.23)

(b) Value of Raw Materials, Components & Spare Parts consumed :-

	Rs. in Lacs		Percentage (%)	
(I) Raw Materials				
(i) Imported	590.31	(303.03)	2.27	(1.44)
(ii) Indigenous	25,315.91	(20,714.53)	97.73	(98.56)
	25,906.22	(21,017.56)	100.00	(100.00)
(II) Components & Spare Parts				
(i) Imported	286.08	(301.93)	21.43	(28.25)
(ii) Indigenous	1,048.70	(766.84)	78.57	(71.75)
	1,334.78	(1,068.77)	100.00	(100.00)
(c) Dyes & Chemicals:-				
(i) Imported	46.58	(137.35)	4.77	(14.00)
(ii) Indigenous	930.48	(843.87)	95.23	(86.00)
	977.06	(981.22)	100.00	(100.00)

(d) Expenses in Foreign Currency (in respect of) :-

(i) Revenue Expenses	Rs. 1,118.52 Lacs	(Rs. 731.92 Lacs)
(ii) Capital Goods	Rs. 1,942.99 Lacs	(Rs. 1,096.70 Lacs)

(e) Earning in Foreign Currency (in respect of):-

Exports of goods on FOB basis	Rs. 20,341.36 Lacs	(Rs. 17,128.70 Lacs)
Deemed Export	Rs. 1,610.06 Lacs	(Rs. 947.89 Lacs)

13. Previous year figures have been rearranged, regrouped and recast, wherever considered necessary.

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration Details					
	Registration Number	1684	State Code	17	Balance Sheet Date	31.03.2007
II	Capital raised during the year (Amount in Rs. Thousands)					
	Public Issue	Right Issue	Bonus Issue	Private Placement		
	NIL	NIL	41,571	23,050		
III	Position of mobilization and deployment of funds (Amount in Rs. Thousands)					
	Total Liabilities	40,43,017	Total Assets	40,43,017		
	Sources of Funds:					
	Paid-up Capital	1,42,450	Share Application Money	28,501		
	Reserves & Surplus	6,46,257	Deferred Tax Liability	1,95,678		
	Secured Loans	23,04,322	Unsecured Loans	1,53,287		
	Application of Funds:					
	Net Fixed Assets	24,45,190	Investments	65,329		
	Net Current Assets	9,59,564	Misc. Expenditure	412		
	Accumulated Losses	NIL				
IV	Performance of the Company (Amount in Rs. Thousands)					
	Turnover	40,04,747	Total Expenditure	37,76,900		
	Profit before tax	2,27,847	Profit after tax	1,49,433		
	Earning per share in Rs.	Basic : 12.20	Diluted : 11.67			
	Dividend Rate %	20				
V	Generic Names of Three Principal Products/Services of Company (as per monetary terms)					
	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				

Signature to Schedules 1 to 23 and Balance Sheet abstract.

In terms of our Audit Report of even date:

For KALANI & COMPANY
Chartered Accountants

R.L.TOSHNIWAL
Chairman & Managing Director

RAVI TOSHNIWAL
Joint Managing Director

K.L. JHANWAR
Partner
M.No. 14080

Directors
RAKESH MEHRA, Wholetime Director
SHALEEN TOSHNIWAL, Wholetime Director
D.S. ALVA
P. KUMAR
D.P. GARG
KAMAL K. KACHOLIA
VIJAY MEHTA
P.A. MAKWANA, Nominee - Exim Bank

Place : Mumbai
Dated : 24th May, 2007

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

Cash Flow Statement For The Year Ended 31st March, 2007, pursuant to the Listing Agreement with Stock Exchange, Mumbai.

	<u>2006-2007</u>		Rs. in Lacs
			<u>2005-2006</u>
A) Cash Flow From Operating Activities			
Net Profit after tax as per P & L Account	1,494.33		925.70
Adjustment for			
Provision for Taxation and Deferred Tax Liabilities	<u>784.14</u>		<u>644.90</u>
Net profit before tax and extra ordinary items	<u>2,278.47</u>		1,570.60
Adjusted for			
Depreciation	1,625.63	1,330.94	
Profit/Loss on sale of fixed assets (net)	(6.02)	(73.85)	
Interest paid	1,780.95	1,437.11	
Rent received	(2.15)	(2.20)	
Dividend received	<u>(0.51)</u>	<u>(0.13)</u>	<u>2,691.87</u>
Operating profit before working capital changes	<u>5,676.37</u>		4,262.47
Adjusted for			
Increase in trade & other receivable	(12.34)	(1,125.72)	
Increase in inventories	(505.49)	(1,363.71)	
Increase in trade payable	<u>680.02</u>	<u>756.88</u>	<u>(1,732.55)</u>
Cash generated from operations	<u>5,838.56</u>		2,529.92
Tax paid	<u>(482.05)</u>		<u>(629.77)</u>
Net cash from operating activities (A)	<u>5,356.51</u>		<u>1,900.15</u>
B) Cash Flow From Investing Activities			
Increase in capital work-in-progress	(4,492.57)		(527.11)
Purchase of fixed assets	(5,045.26)		(4,128.26)
Purchase of investment	(374.98)		(263.81)
Sale of Fixed assets	55.55		95.22
Rent received	2.15		2.20
Dividend received	0.51		0.13
Unpaid Hire Charges Paid	(0.10)		-
Net cash used in investing activities (B)	<u>(9,854.70)</u>		<u>(4,821.63)</u>
C) Cash Flow From Financing Activities			
Proceeds from issue of Share Capital	1,070.38		1,049.24
Proceeds from long term borrowings	6,917.56		2,878.31
Repayment of long term borrowings	(1,273.84)		(1,249.64)
Interest paid	(1,780.95)		(1,437.11)
Increase /(Decrease) in bank borrowings	(282.89)		2,160.74
Proceeds from unsecured loan	23.86		(60.02)
Dividend and tax thereon Paid	<u>(177.26)</u>		<u>(93.17)</u>
Net cash from financing activities (C)	<u>4,496.86</u>		<u>3,248.35</u>
Net increase/ (Decrease) in cash and cash equivalents (A+B+C)	<u>(1.33)</u>		326.87
Opening balance of cash and cash equivalents	614.96		288.09
Closing balance of cash and cash equivalents	<u>613.63</u>		614.96

In terms of our Audit Report of even date:
For KALANI & COMPANY
Chartered Accountants

R.L.TOSHNIWAL
Chairman & Managing Director

RAVI TOSHNIWAL
Joint Managing Director

K.L. JHANWAR
Partner
M.No. 14080

Directors
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VIJAY MEHTA
P.A. MAKWANA, Nominee - Exim Bank

Place : Mumbai
Dated : 24th May, 2007

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

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.

- i) Replacement of copper ballast with electronic ballast to save power in lighting.
- ii) Replacement of bigger size rings and spindles by smaller size and energy efficient spindles in Ring Frames & Doubling machines.
- iii) Providing Invertors in humidification towers to reduce the speed of the fans.
- iv) Replacement of V-Belt pulley with flat pulley to save power in humidification plants.
- v) Fixation of Invertors in the suction fans of Auto Coner Winding machines.
- vi) Fixing of tube light reflectors in the department to reduce the no. of fittings.
- vii) Providing transparent sheets on the roof where there is no false ceiling to switch off lights during day time.
- viii) Stoppage of air leakage at various points in main line and machines.
- ix) Redesign of air compressor line to reduce the air pressure and installation of Air Dryer to reduce the Air pressure drop.
- x) Installation of invertors on Carding machines.

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

Installation of 18 MW captive Thermal Power Plant is under way. This will generate quality power i.e. with consistency and will reduce the overall power consumption.

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.

This will reduce the consumption as well as cost of power.

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 earning and outgo is contained in item 11B(d) & (e) in Schedule 23 annexed to the Balance Sheet as at 31st March, 2007.

Form - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

1. Electricity	Current	Previous
	year 2006-07	year 2005-06
a) Purchased		
Units	2,43,11,082	1,54,40,347
Total Amount (Rs.)	10,96,69,374	6,91,37,434
Rate/Unit	4.51	4.48
b) Own generation		
i) Through Diesel Generator		
Units	30,64,754	12,63,585
Units per Ltr. of diesel Oil	3.25	3.12
Cost/Unit	8.46	9.19
ii) Through Furnace oil Generator		
Units	7,24,87,441	7,13,75,645
Units per Kg. of Furnace oil	4.32	4.28
Cost/Unit	3.99	3.61
2. Coal, Lignite, LPG (Steam, used for Generation of Steam in Boiler)		
Quantity (MT)	11,342	9,647.67
Total cost (Rs.)	4,15,37,804	2,79,80,721
Average rate/MT (Rs.)	3,662.30	2,900.26
3. Furnace oil		
Quantity (Kgs.)	1,67,38,814	1,65,93,648
Total amount (Rs.)	28,40,31,369	25,89,66,863
Average rate (Kg./Rs.)	16.97	15.61
4. Other/Internal generation	Not applicable	Not applicable

B. CONSUMPTION PER UNIT OF PRODUCTION

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

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION 2006-2007

RESEARCH AND DEVELOPMENT (R & D)

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

During the year, the Company has set up a good quality testing laboratory in its finishing unit. This laboratory is accredited with ISO 17035 N.B.L., New Delhi for calibration and also AATCC, USA for testing.

The JV partner, Carreman, France, has installed world-class continuous scouring machine of Mazera make and Stenter of Bruckoner make. They also provide technical assistance for improving the quality of finished fabric.

The Company has started compact spinning, cotton and cotton mix fabric processing and have also developed the quality parameters for Cotton and woolen fabric.

The Company has installed 12 Nos. Chinese Ring frames during the year. In Garment section also the Company has made studies for new products i.e. production of Jackets etc.

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

The products of the Company are well accepted due to adherence to the international quality standards. The products have wide acceptability among its customers.

The Company is buying Chinese ring frames where delivery period is shorter than the LMW ring frames.

3. Future plan and action

Research and Development is a continuous process. The Company is going to add new machines for woolen and worsted fabrics and upholstery fabric. The Company has plans to install a worsted spinning unit also.

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

4. Expenditure on R & D

a) Capital expenditure is approx. Rs. 93 lacs.

b) Recurring - Normal running expenditure Rs. 50 lacs.

c) Total Rs. 143 lacs.

b) 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.

In the existing unit for Spinning synthetics and cotton yarn, weaving fabric and fabric finished at Banswara and manufacturing garments at Daman, the Company is regularly modernizing its existing Plant, diversifying its activities and also expanding its installed capacities. During the year, the Company has installed T. Surodoma looms, ring frames from China, Compact with ELL Twist (R) LMW LR6, Carding machine, TFO, doubling machine, Leewha Assembly Winder, Comber and Autoconer. The Company has upgraded its laboratory at Finishing section to have a testing facility of international standard.

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

Good quality yarn, fabrics and Garments are being produced. The Company is saving in cost due to high productivity and automated machines. The products of the Company are well accepted in international market. This has also reduced the cost of production. It has developed speciality yarn which is an achievement for import substitution.

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

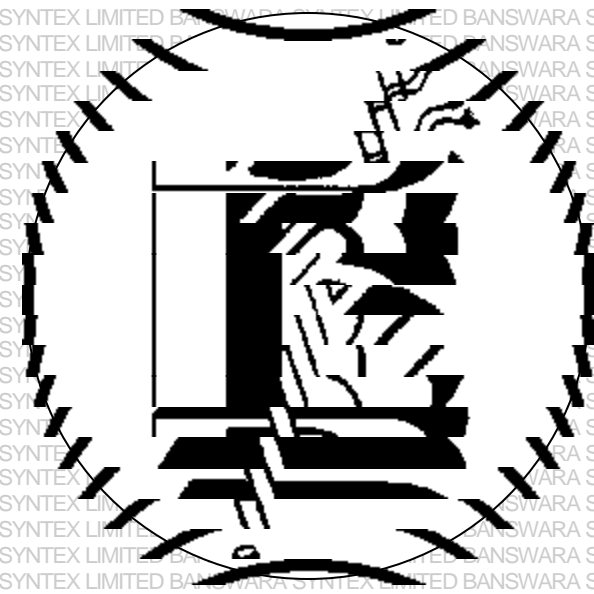
Place : Mumbai

R. L. TOSHNIWAL

Dated : 24th May, 2007

Chairman & Managing Director

Annual Report 2006 - 2007



ಬೆಂಗಳೂರು ಬೆಂಚ್‌ಮಾರ್ಕ್ ಲಿಮಿಟೆಡ್

FINANCIAL HIGHLIGHTS

Rs.in Lacs

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

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

BANSWARA SYNTEX LIMITED

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

PROXY FORM

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

31st Annual General Meeting

I/We _____

of _____ In the District of _____

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

_____ 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 4.00 P.M. on Wednesday, the 8th August, 2007 and at any adjournment thereof.

Signed this day _____ of _____ 2007

Signature _____

**AFFIX
1 Rupee
revenue
stamp**

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

BANSWARA SYNTEX LIMITED

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

ATTENDANCE SLIP

31st 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 4.00 P.M. on Wednesday, the 8th August, 2007 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.

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**ANNUAL REPORT
2006 - 2007**

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