

**FINANCIAL HIGHLIGHTS**

Rs.in Lacs

<b>TURNOVER AND PROFITS</b>	<b>2008-2009</b>	2007-2008	2006-2007	2005-2006	2004-2005
Turnover (Including Export)	<b>55,895</b>	45,154	41,343	34,495	27,207
Exports (Including Deemed Exports & Benefits)	<b>36,644</b>	28,152	25,694	21,218	16,000
Profit Before Interest, Depreciation & Tax	<b>7,392</b>	5,120	5,685	4,339	2,921
Interest	<b>3,323</b>	2,373	1,781	1,437	1,169
Profit Before Depreciation & Tax	<b>4,069</b>	2,747	3,904	2,902	1,752
Profit after Depreciation	<b>1,129</b>	567	2,278	1,571	678
Tax- Fringe Benefits	<b>30</b>	29	23	26	-
Current (Net of MAT Credit Entitlement)	-	-	646	210	49
Deferred	<b>140</b>	96	115	409	251
Profit after Tax	<b>959</b>	442	1,494	926	378
Dividend %	<b>18</b>	12	20	20	12
<b>ASSETS AND LIABILITIES</b>					
Gross Fixed Assets (Net of Revaluation)	<b>47,529</b>	43,433	33,949	25,134	19,787
Net Fixed Assets	<b>33,090</b>	31,915	24,452	17,038	13,196
Net Current and Other Assets	<b>14,401</b>	12,421	9,596	10,016	7,908
Equity Share Capital	<b>1,308</b>	1,308	1,251	777	681
Preference Share Capital	<b>173</b>	173	173	-	-
Reserves & Surplus (Excluding Revaluation Reserve)	<b>7,622</b>	6,945	6,463	5,299	3,982
Net Worth	<b>8,931</b>	8,253	7,714	6,076	4,663
Deferred Tax Liability	<b>2,193</b>	2,053	1,957	1,841	1,391
Secured Loans	<b>35,406</b>	33,207	23,039	17,682	13,521
Other Long Term Liabilities	<b>2,039</b>	1,758	1,866	1,803	1,744
<b>RATIOS</b>					
Book value Per Share (Rs.)	<b>68.14*</b>	62.97*	61.50*	50.76*	67.78
Earning Per Share (Rs.)	<b>7.29*</b>	3.34*	12.02*	8.10*	5.54

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

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Shri R.L.Toshniwal, Chairman & Managing Director  
Shri Ravi Toshniwal, Joint Managing Director  
Shri Rakesh Mehra, Wholetime Director  
Shri Shaleen Toshniwal, Wholetime Director  
Shri D.S.Alva (Up to 24.06.2009)  
Shri P. Kumar  
Shri D.P.Garg  
Shri S.B.Agarwal  
Shri Vijay Kumar Agarwal  
Shri Kamal Kishore Kacholia  
Shri A.N.Jariwala  
Shri Vijay Mehta  
Dr. Shri R. Swaminathan, Nominee Director

### EXECUTIVES

Shri S.S. Sajal, President  
Shri J.K. Rathi, President (Commercial)  
Shri J.K. Jain, Sr.Vice President (Finance & Commerce)  
& Company Secretary  
Shri S.N. Gupta, Senior Vice President (Technical)  
Shri S.S. Kella, Vice President (Audit & Taxation)  
Shri S.R. Jain, Vice President (Engineering)  
Shri Ashok Mishra, Vice President (Technical Worsted)  
Shri Narendra Shetty, Vice President (Surat SEZ Unit)

### AUDITORS

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

### BANKERS

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

### REGISTRAR & SHARE TRANSFER AGENT

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

### OFFICES

#### REGISTERED OFFICE

Industrial Area, Dohad Road,  
BANSWARA - 327 001 (Raj.)  
Email : secbsw@banswarafabrics.com  
website:www.banswarasyntex.com  
Phone No. (02962) 257676 to 257681  
240690, 240691, 240693  
Fax No. : (02962) 240692

#### HEAD/MARKETING OFFICE

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

#### DELHI OFFICE

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

#### JAIPUR OFFICE

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

#### PLANTS

**Banswara Unit** (Spinning, Weaving, Finishing  
& Madeups)

Industrial Area, Dohad Road  
BANSWARA - 327001 (Raj.)

**Daman Unit** (Garment)

1. 98/3, Village Kadaiya  
Nani Daman  
DAMAN - 396 210 (U.T.)

2. 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)

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## 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 33<sup>rd</sup> Annual General Meeting of the shareholders of Banswara Syntex Limited, will be held on Monday the day of 17<sup>th</sup> August, 2009 at its Registered Office, at Industrial Area, Dohad Road, Banswara (Raj.) at 4.00 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31<sup>st</sup> March, 2009 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 and preference shares.
3. To appoint a Director in place of Shri A.N. Jariwala who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.B. Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vijay Kumar Agarwal 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. Generation, dealing and distribution of electricity.

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

“RESOLVED THAT pursuant to the provisions of Section 149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956, and the clause III of the Memorandum of Association of the Company, the consent of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee / one or more director(s) thereof, for the time being exercising the powers conferred by the Board ) to commence and carry on business mentioned in clause No.III (C) 31 of other objects of Memorandum of Association of the company which reads as under:”

“To carry on business of electrical, engineers, electrician, contractors, manufactures, constructors, suppliers of and dealers in electric and other appliances, electric motors, fans, furnaces, household appliances, batteries, cables, wire, lines, dry cells, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity for the purpose of light, heat, motive power and for all other purposes for which electrical energy can be employed and to manufacture and deal in all apparatus and things required for or capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity including in the terms electricity all power that may be directly or indirectly derived there from or may be incidentally hereafter discovered in dealing with electricity.”

“FURTHER RESOLVED THAT the Board or the committee thereof or one or more Director of the Company be and is hereby authorized to take all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to give effect to this resolution.”

#### 8. Issue of warrants on preferential basis.

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreements entered into with various Stock Exchanges, guidelines and clarifications issued as well as the rules and regulations made by the Reserve Bank of India, Securities and Exchange Board of India (“SEBI”) and any other statutory/regulatory authorities, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions

and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any committee constituted/to be constituted by the Board for exercising all or any of the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 16,50,000 convertible warrants (hereinafter referred to as “warrants”) to persons other than Promoters of the Company (as per the details are set out in the Explanatory Statement) (the “warrant holders”), on preferential allotment basis, on such terms and conditions and in such manner as may be deemed appropriate by the Board, each warrant entitling the holder thereof to apply for and be allotted 1 (one) Equity Share of Rs.10/- each, which shall be converted within a period of 18 months from the date of allotment of the warrants, in one or more tranches, in accordance with the SEBI (DIP) Guidelines and other relevant guidelines as may be applicable, at a price equal to :

a. The Average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges during the six months preceding the relevant date.

Or

b. The Average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges during the two weeks preceding the relevant date.

Whichever is higher.”

“RESOLVED FURTHER THAT the equity shares issued on conversion of warrants and warrants to be so created, offered and allotted, shall be subject to the provisions of the Memorandum and Articles of Association of the Company.”

“RESOLVED FURTHER THAT the “Relevant Date” as per the SEBI (DIP) Guidelines on preferential issue, for the purpose of determination of issue price of the Equity Shares arising upon conversion of the warrants in part or full is 18.07.2009 being the date 30 days prior to the date of this Annual General Meeting.”

“RESOLVED FURTHER THAT the Equity Shares resulting from the conversion of warrants, proposed to be issued and allotted as above, shall rank pari passu in all respects including dividend with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to aforesaid resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable or expedient for such purpose and to resolve and settle all questions, difficulties or doubts that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the above mentioned warrants/equity shares resulting from the conversion of such warrants and further to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to finalize and execute all documents, papers, agreements, deeds and writings as may be necessary and desirable as it may deem fit.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any other Director(s) or any other officer (s) or employee (s) of the Company or any advisor, consultant as it may consider appropriate in order to give effect to the aforesaid resolution.”

#### Registered Office:

Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)  
Place : Mumbai  
Dated : 18<sup>th</sup> July, 2009

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 8<sup>th</sup> August, 2009 to 17<sup>th</sup> August, 2009 (both days inclusive) in connection with the payment of dividend for the financial year 2008-09.
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 22<sup>nd</sup> August, 2009 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 7<sup>th</sup> August, 2009.
  - 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 7<sup>th</sup> August, 2009.
8. Members holding shares in physical form are advised to furnish, on or before 1<sup>st</sup> August, 2009, 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, 2005-06, 2006-07 and 2007-08. 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, 1956 the unpaid dividend after the expiry of seven years from the date of declaration will be transferred to Investors' Education and Protection Fund. Unpaid dividend for the year 2002-03 will be transferred to the above fund in July, 2010. Please therefore encash the unclaimed dividend before it is transferred to above fund.
10. Company is providing facility of Electronic Clearing Service (ECS) for payment of dividend to shareholders residing in selected

cities. Shareholders holding shares in physical form are requested to provide details of their bank accounts for availing ECS facility in the form attached to the Annual Report. However, if the shares are held in dematerialized form, the ECS mandate has to be communicated to the respective Depository Participant (DP). Changes, if any in the details furnished earlier may also be communicated to the Company or DP, as the case may be.

11. The documents referred in the notice 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.
12. Queries on accounts and operations may please be sent to the Company 7 days in advance of the Annual General Meeting so that the answers can be made available at the meeting.

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

### Item No.7

The Company has put up a coal based thermal power plant of 15/18 MW capacity. Prior to this, the Company had installed Wartsila make furnace oil power plant of 9.70 MW capacity. As the price of furnace oil has come down in the year 2008-09 and the cost of power generation on these Wartsila make power plant has now become economical, The Company started power generation from both the resources.

After meeting the Company's requirement of Power for its production activities, there is surplus electricity which is available for sale.

Object clause III (c) 31 the Other Object of Memorandum of Association of the company allows the Company to carry on the business of manufacturing, supply and dealing in electricity.

Pursuant to the provision of Section 149 (2A) and other applicable provisions of Companies Act, 1956 the approval of members in general meeting is required before commencement of any new business activities set out in the other object clause of the Company. The said new business activity shall be commenced at such time as the Board may deem fit in the best interest of the Company.

None of the Directors of the Company is, in any way concerned or interested in the proposed special resolution. Board of Directors believes that the proposed offer will be in the best interest of the Company and its members. The directors recommend the resolution for approval.

### Item No.8

The Company is in need of long term funds to improve its financial ratios by increasing the Net Worth. The funds raised will be utilized to meet long term working capital requirements and other general corporate purpose.

Pursuant to the above, the Company is considering the issue and allotment of 16,50,000 convertible warrants, as mentioned in the resolution contained in the notice.

This issue would provide the warrant holders the right to receive one Equity Share of face value of Rs.10/- each for one warrant held by them at a price determined as per the pricing formula given in the resolution. Such issue and allotment of warrants to warrant-holders and issue price shall be governed by the

provisions of SEBI (DIP) Guidelines. Not less than 25% of issue price shall be paid by the Warrant Holders forthwith upon allotment thereof and the balance 75% shall be paid at the time of exercising the option to convert warrants into Equity Shares, for such number of warrants in respect of which the warrant holder exercises the conversion option.

The Company's Authorized Capital is adequate for the increase in the Paid-up Capital of the Company pursuant to the issue and allotment of Equity Shares upon conversion of warrants. The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and other applicable provisions. Hence, the resolution as mentioned in the accompanying Notice is proposed.

Disclosures which are required to be given in terms of clause 13.1A of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000:

**a) Objects of the issue through preferential offer :**

The proceeds from the issue will be used to meet long-term working capital requirements and other general corporate purpose.

**b) Intention of the Promoters/ Directors / Key management persons to subscribe to the offer:**

None of the promoters/directors/key management persons intend to subscribe to the offer except Shri Vijay Mehta, Director one of his associate company.

**c) Shareholding pattern before and after the offer:**

The information on shareholding pattern before and after the preferential issue is as follows.

CATEGORY	Pre-Issue Holding		Equity Holding post conversion of warrants	
	No. of Shares	%	No. of Shares	%
1. Promoters Holding	7784397	59.39	7784397	52.75
2. Non Promoters Holding				
<b>A. INSTITUTIONAL INVESTORS</b>				
Insurance Companies & Mutual Funds	5620	0.04	5620	0.04
<b>B. NON INSTITUTIONAL INVESTORS (PUBLIC)</b>				
a. Body Corporate	1244902	9.50	2894902	19.62
b. Individuals				
Individual shareholders holding nominal share capital upto Rs. 1 Lac	2770323	21.14	2770323	18.77
Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	1301119	9.93	1301119	8.82
C. Others	0	0	0	0
<b>TOTAL (2A+B+C)</b>	<b>5321964</b>	<b>40.61</b>	<b>6971964</b>	<b>47.25</b>
<b>GRAND TOTAL (1+2)</b>	<b>13106361</b>	<b>100</b>	<b>14756361</b>	<b>100</b>

**Notes :**

- These percentages are based on the assumptions that all the warrants issued to the allottees will be converted into equity shares. Further, in case proposed issue of 16,50,000 warrants, results in increase in equity share capital, after conversion, then the total post allotment share capital and proportionate holding of Non Promoters will change to the extent of such conversion. Change in share capital due to any other reason may also impact the aforesaid calculation.

- Allotment of equity shares would not result in any change in control over the Company or the management of the affairs of the company. Any warrants issued as above, that may remain unsubscribed for any reason whatsoever, may be offered by the Board to any person/ entity controlled by the promoter group on same terms and conditions.

**d) Proposed time within which the allotment shall be complete:**

The warrant shall be allotted within 15 days from the date of Meeting, provided the time for allotment shall be extended by the time taken for obtaining approval for such allotment by any regulatory authority or the Central Government.

**e) Identity of the proposed allottees and percentage of post preferential issue capital that may be held by them:**

Name of the Proposed Allottee	Pre-Issue Equity Holding	%	Equity Holding post conversion of Warrants	%
<b>PERSONS OTHER THAN PROMOTERS</b>				
Mefcom Capital Markets Limited	199150	1.52	1199150	8.13
Pinky Exhibitors Private Limited	-	-	650000	4.40
<b>TOTAL</b>	<b>199150</b>	<b>1.52</b>	<b>1849150</b>	<b>12.53</b>

The Equity Shares allotted to persons other than promoters will be subject to lock in as per SEBI guidelines. The number of warrants to be converted in a financial year will be subject to the applicable limits in force/applicable from time to time under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

The approval of the shareholders is being sought for issue of warrants which are convertible into equity shares, to the persons other than promoters, on a preferential basis pursuant to the provisions of Sections 81(A) of the Companies Act, 1956 and other applicable provisions.

A certificate from the Statutory Auditors of the Company, certifying that the pricing and issue of the above is in accordance with prescribed guidelines on preferential issue, is also available for inspection at the registered office between 10.00 A.M. to 1.00 P.M. on any working day during two weeks before the date of the meeting and at the meeting.

The Special Resolution set out in item no. 8 above may be considered accordingly and the Board of Directors recommends the same for shareholders approval.

Shri Vijay Mehta, Director, may be deemed to be interested in this resolution to the extent of the securities that may be issued to M/s Mefcom Capital Markets Ltd. on the Board of which he is a Director. Save as aforesaid, none of the Directors, is in any way concerned or interested in the proposed special resolution.

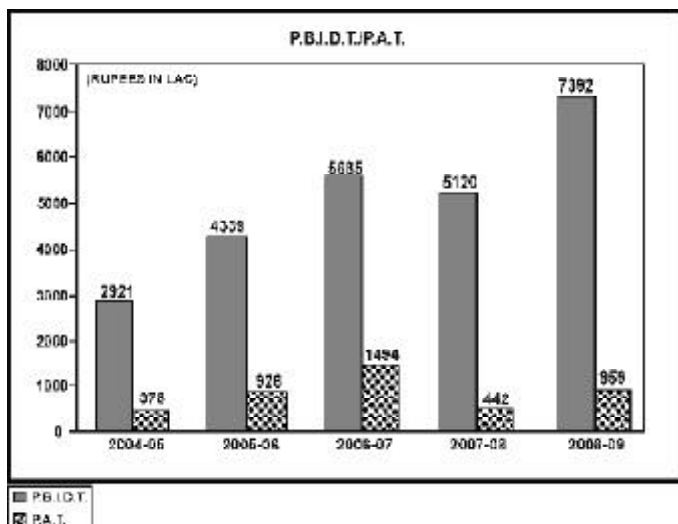
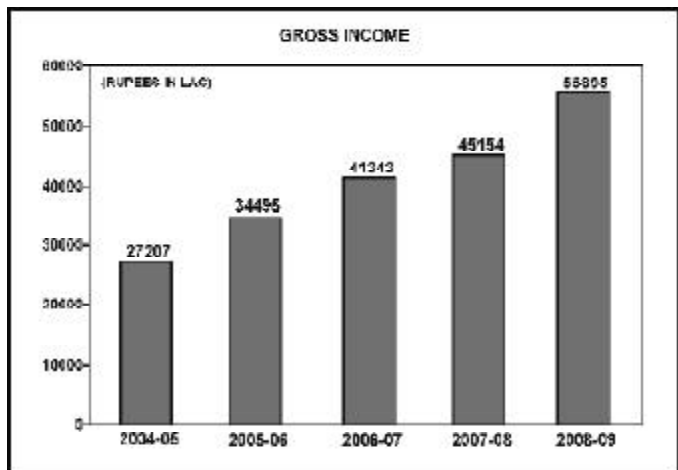
**Registered Office:**  
Industrial Area, Dohad Road  
BANSWARA-327 001 (Raj.)

By Order of the Board

Place : Mumbai  
Dated : 18<sup>th</sup> July, 2009

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

## DIRECTOR'S REPORT



## Dear Shareholders,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report of the company together with the Company's Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

## FINANCIAL REVIEW

	Rs. in Lacs	
	This year 2008-09	Previous Year 2007-08
Gross Income	55,895	45,154
Net Income	54,894	43,810
Profit before extra-ordinary items, depreciation & tax	4,822	2,747
Profit before depreciation & tax	4,069	2,747
Less: Depreciation	2,939	2,180
Profit before tax	1,129	567
Tax on Income	170	125
(a) Fringe Benefit Tax	30	29
(b) Current Tax	128	65
(c) Deferred Tax	140	96
	298	190
Less : MAT Credit Entitlement	128	65
Profit after Tax	959	442
Balance Brought Forward	608	505
Profit available for appropriation	1567	948
Appropriations:		
Proposed Dividend	241	162
Tax on Dividend	40	28
Transfer to General Reserve	750	150
Balance Carried to Balance Sheet	536	608
Earning per share (Rs.) : Basic & Diluted	7.29	3.34

## OPERATIONS

Your Company's performance in production and sales has considerably improved during the Financial Year 2008-09. The production of yarn has improved by 10%, fabric by 28% and garments by 36% as compared to the corresponding period's production during 2007-08. The gross income at Rs. 55,895 lacs during the year, as against Rs. 45,154 lacs during 2007-08 was up by about 24%. The Company increased the sale of fabric and garments, as percentage of gross income, from 44% in 2007-08 to 50% in 2008-09. The Company also started the sale of power to the State Electricity Board through open access and sold 81.55 lac units from January to March, 2009 for Rs.472 lacs.

The profit before extra-ordinary items, depreciation and tax for the year 2008-09 at Rs.4822 lacs was up by 76% as against Rs.2747 lacs during 2007-08. The Company had booked forward sale contract for USD to hedge its export sales; The difference of Rs.753 lacs in USD sale value and its valuation at closing exchange rate on 31<sup>st</sup> March, 2009, has been charged to revenue account as an exceptional item, however, this provision did not cause any cash out flow during 2008-09.

The profit before tax and net profit for the year 2008-09 workout to Rs.1129 lacs and Rs.959 lacs up by 99% and 117% respectively over the year 2007-08. The Company has paid Rs.30 lacs as fringe benefit tax and Rs.128 lacs as Income Tax besides providing Rs.140 lacs toward deferred tax liability.

## EXPORTS

Your Company's performance on export front has improved every year for the last 5 years, during this period, the cumulative growth is 129%. During the year 2008-09, the export turnover of Rs.32,759 lacs, as against Rs.24,479 lacs during 2007-08, recorded an increase of 34%. The Company has emphasized more on value addition and accordingly achieved fabric and garment export of Rs.20,345 lacs as against Rs.13,309 lacs in the previous year. The fabric and garment export increased by 53% and that of yarn increased by 11% over the year.

Turkey the major importer of the Company's yarn has imposed Anti Dumping duty for import of "Yarn of man made staple fibre" into Turkey from India, during the year. This has reduced yarn exports in general, from India to Turkey. The Company, however, is endeavoring to expand its market to make up for the decline in exports to Turkey.

The Company's business with Carreman, France, progressed well during the year. The Company also increased its share in the School uniform business in UK and other European markets. It has also started export of made-ups to European Countries from the Jacquard Plant.

Your Company has attracted new customers of international repute during the year. The Company's marketing, design and development teams participated in the international trade fairs to acquaint with the latest market trends and better understanding of the customers' requirement. The Company has developed a large design studio for fabric and garments to boost the export sales by introducing new designs. It is also making efforts to penetrate the new Customers and new International markets, including Latin America.

## DIVIDEND

Your directors are pleased to recommend dividend @ Rs.1.80 per equity share (previous year 12%) on equity shares of Rs. 10/- each of the company. The dividend, if approved by the shareholders, will absorb Rs. 240.65 lacs (previous year Rs.162.17 lacs) besides Rs.40.90 lacs (previous year Rs.27.56 lacs) payable to the Government by way of tax on dividend; this includes the dividend of Rs. 5.19 lacs payable on preferential shares, besides Rs.0.88 lacs tax thereon.

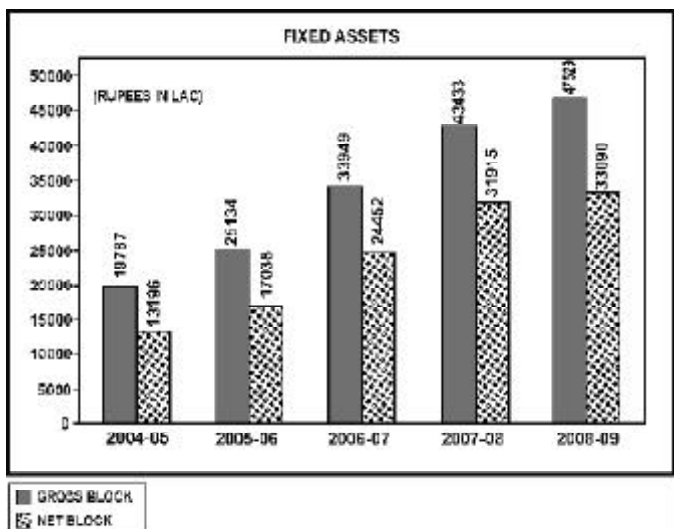
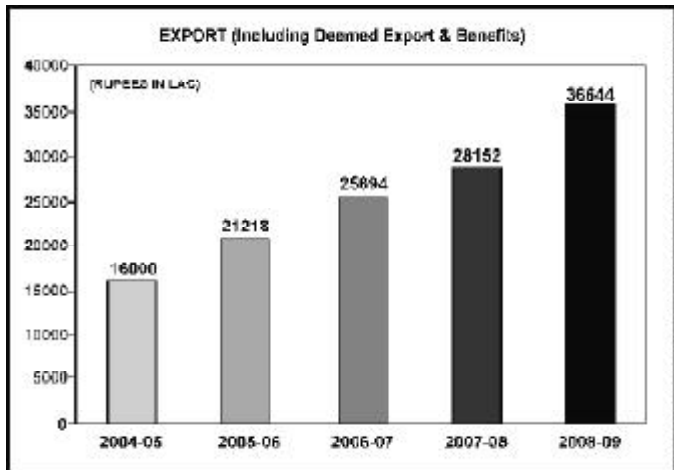
## INCREASE IN SHARE CAPITAL

There has been no increase in equity and preference share capital during the year.

## EXPANSION, DIVERSIFICATION AND MODERNISATION

During the year, under review the company invested Rs.4626 lacs in fixed assets including capital work-in-progress at Rs.263 lacs as on 31.03.2009, under the ongoing schemes for expansion, diversification and modernisation which have since been completed.

During 2008-09, the company added 284 new Ring Spindles for synthetic spinning, 14400 spindles for worsted spinning, 39 looms and 2 Jacquard Looms besides increase in production capacity at Garment Plants at Surat and Daman and commencement of production and sale of made-ups for export. The made-ups division has been shifted from SEZ - Surat to Banswara. The total production capacity as on



31<sup>st</sup> March, 2009 for yarn production is 133588 ring spindles including 14400 spindles for worsted yarn spinning, 575 Air Jet Spindles, 194 shuttleless looms, 12 Air Jet Jacquard looms, 4 Stenters with processing capacity of 30 Million meters per year, besides ready-made garment production capacity of 1.75 lac pieces per month at Daman and Surat.

The term loan requirement for these expansion, diversification and modernisation projects has been met through term loans aggregating Rs. 1,858 lacs under TUF Scheme.

### JOINT VENTURE

The Joint Venture company, Carreman Fabrics India Ltd., has a fabric weaving plant of 60 Rapier Looms. Your Company has 50% stake in JV's equity share capital. The JV Company manufactures fabric on job work basis for your Company, the total production during the year 2008-09 being 62.35 lacs meters as against 50.78 lacs meters in the year 2007-08. The JV Company earned net profit of Rs.95.22 lacs during 2008-09 as against Rs. 7.10 lacs in the previous year.

### POWER PLANT

During the year, the furnace oil and coal prices remained very much volatile. The Company has re-started production of power on furnace oil based power plants, after considering the commercial viability, and started selling power in the open market from January, 2009. Your Company has been allotted quota for procurement of coal from Indian Coal Mines. It is expected that coal supply from the Indian Coal Mines will start from October, 2009, which will reduce the cost of power generation.

### FINANCE

During the year 2008-09, the Company availed term loans aggregating Rs.1858 lacs from Banks and Financial Institutions. It also received increase in need based working capital from all the bankers of the Company.

### CONTRIBUTION TO EXCHEQUER

During the year, your Company has contributed Rs.1177 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 had no subsidiary as on 31<sup>st</sup> March, 2009. However, it has 50% interest in Carreman Fabrics India Ltd., a Joint Venture Company between Banswara Syntex Ltd. and Carreman, France.

### CORPORATE GOVERNANCE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### PREFERENTIAL ALLOTMENT OF CONVERTIBLE WARRANTS

The Board of Directors of the Company, subject to the approval to be received from the shareholders and such other approvals as may be required, has decided to issue and allot, to persons other than the Promoters, 16,50,000 warrants with the option to convert each warrant into one

equity share of Rs. 10/- each at a price as may be decided in accordance with the SEBI (DIP) Guidelines which shall be converted within a period of 18 months' from the date of allotment of the warrants. The warrants will be converted in one or more tranches.

The proceeds will help the Company improve its financial ratios by increasing net worth.

### FIXED DEPOSITS

The Company has not issued any advertisement inviting fixed deposits from the public. However, it continues to accept deposits from public. As on 31<sup>st</sup> March, 2009, the Company had such deposits aggregating Rs.679.24 lacs. Deposits which matured during the year were either renewed or repaid. All the interest and principal dues are being paid regularly. The Company has duly complied with the provisions of the Companies (Acceptance of Deposits) Rules, 1975.

### DIRECTORS

The Board regrets to report about the sad demise of Shri D.S. Alva, Director and Chairman of various Committees, on 25<sup>th</sup> June 2009. Shri Alva was associated with the Company for almost a decade and had contributed significantly to its growth. The Board deeply mourns the loss of Shri Alva, prays to the God for eternal peace to the departed soul and wishes to place on record its deep appreciation of his invaluable services to the Company.

EXIM Bank withdrew the nomination of Shri P.A. Makwana on 19<sup>th</sup> June, 2008 and nominated Dr. Shri R.Swaminathan as a member of the Board from the same date. The Board places on record its appreciation of the services rendered by Shri Makwana during his tenure as a member of the Board.

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

### DIRECTOR'S RESPONSIBILITY STATEMENT

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

- I. In the preparation of the annual accounts for the year ended March 31, 2009, the applicable Accounting Standards have been followed and the Notes to the Accounts are self-explanatory.
- II. The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2009 and of the profit of the Company for the year ended on that date.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- IV. The Directors have prepared the annual accounts of the Company for the year ended March 31, 2009 on a going concern basis.

### AUDIT COMMITTEE

In accordance with the requirement of Clause 49 of the Listing Agreements with Stock Exchanges, the Board has constituted the Audit Committee which, presently, comprises



three independent Directors viz. Shri P. Kumar, Shri Kamal Kishore Kacholia and Shri S. B. Agarwal.

Shri P.A. Makwana ceased to be a member of the Committee consequent upon the withdrawal of his nomination by the EXIM Bank in June, 2008. Shri S. B. Agarwal was included as a member of the Committee on 29<sup>th</sup> May, 2009. The Board has appointed Shri P. Kumar as Chairman of the Committee, in its meeting held on 18<sup>th</sup> July, 2009.

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

#### **AUDITORS**

M/s. Kalani & Company, Chartered Accountants, Jaipur, hold office as the Auditors of the Company until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have 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.

#### **AUDITOR'S REPORT**

As regards Auditor's observations, the relevant notes on account are self-explanatory and, therefore, do not call for any further comments, except in the matter of non payment of Service Tax and Cess thereon of Rs.19.10 lacs and disputed liabilities of Rs.11.75 lacs towards the excise duty and Rs.295.93 lacs towards entry tax.

Excise duty Refund taken by the Company and the matter pertaining to the Service Tax and Entry Tax is under appeal with Joint Secretary Govt. of India, CESTAT, New Delhi and Hon'ble High Court, Rajasthan respectively.

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

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to the provisions of section 217 (1) (e) of the Companies Act, 1956, in relation to conservation of

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

#### **DEMATERIALIZATION OF SHARES**

In pursuance of SEBI / Stock Exchange directions, your Company offered demat option to its esteemed shareholders so as to enable them to trade the shares in the demat form. In response, 95.37% shares have been converted into demat form upto 31<sup>st</sup> March, 2009. The stock code number in NSDL and CDSL for equity shares of the Company is ISIN – INE 629 D01012.

#### **PARTICULARS OF EMPLOYEES**

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

#### **ACKNOWLEDGMENT**

Your Directors are grateful for the co-operation and support received from the Financial Institutions, Banks, various Central & State Government Departments, Customers and Suppliers during the year under review. The Directors also express their profound thanks to the shareholders for their continuous support and good wishes.

For and on behalf of the Board

Place : Mumbai  
Dated : 18<sup>th</sup> July, 2009

**R.L.TOSHNIWAL**  
Chairman & Managing Director

### **ANNEXURE - I TO THE DIRECTOR'S REPORT**

## **CORPORATE GOVERNANCE REPORT**

(As revised in the Board meeting on 18<sup>th</sup> July, 2009 to incorporate the latest position.)

"Corporate Governance" is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the distribution of the role and responsibilities 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. It also provides a mechanism through which the company objectives are set, the means to achieve these objectives are defined and the process of monitoring performance is delineated.

### **I. COMPANY'S PHILOSOPHY**

Banswara Syntex Limited is committed to the best governance practices and their adherence in the true spirit at all times. The Company is committed to maintain the highest level of transparency, accountability and equity in its operation. It firmly believes that Corporate Governance is about the management and conduct of an organization based on ethical business principles and commitment to values. It is 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 retain, strengthen and enhance investor trust. Corporate Governance is a set of principles, processes and systems to be followed by the Directors, management and all employees of the Company for enhancement of shareholders' value while complying with the law in all dealings with Government, customers, suppliers, employees and other stakeholders which are the principal objectives of the Company's corporate policy. These principles and objects are embodied in the Company's philosophy on the code of Corporate Governance.

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

## II. BOARD OF DIRECTORS

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

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

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

Four Board meetings were held during the year 2008-09 i.e. on 29<sup>th</sup> May, 2008, 26<sup>th</sup> July, 2008, 31<sup>st</sup> October, 2008 and 27<sup>th</sup> January, 2009. 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 31<sup>st</sup> March, 2009.

### A. Composition of the Board of Directors as on 31.03.2009 and attendance at the Board/ Committees meetings during the year.

Name of the Directors	Attendance at last AGM	No. of Board meetings attended	Category of Director	No. of directorship in other Public Limited Companies	No. of other Board Committees of which Member/ Chairman
Shri R.L.Toshniwal	Yes	4	ED	3	-
Shri Ravi Toshniwal	Yes	4	ED	2	-
Shri Rakesh Mehra	Yes	4	ED	1	-
Shri Shaleen Toshniwal	No	4	ED	-	-
Shri D.S.Alva***	Yes	2	NEID	2	2
Shri P.Kumar	Yes	4	NEID	1	4
Shri A.N. Jariwala	No	3	NEID	2	1
Shri Kamal Kishore Kacholia	No	4	NEID	1	1
Shri Vijay Mehta	No	2	NEID	5	-
Shri D.P. Garg	No	4	NEID	1	-
Shri S.B. Agarwal	Yes	3	NEID	2	2
Shri Vijay Kumar Agarwal	No	3	NEID	2	-
Shri P.A. Makwana*	No	1	NEID	2	2
(Nominee Director of EXIM Bank)					
Dr. Shri R. Swaminathan**	No	1	NEID	1	-
(Nominee Director of EXIM Bank)					

ED- Executive Director, NEID- Non Executive (Independent) Director

\* EXIM Bank withdrew his Nomination w.e.f. 19.06.2008.

\*\* Appointed as Nominee Director w.e.f.19.06.2008.

\*\*\* Up to 24.06.2009 expired on 25.06.2009.

### B. Board Procedure

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

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

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

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

Details of Shareholding of Directors as on 31<sup>st</sup> March, 2009.

Sr. No.	Name of Director	Number of Shares
1.	Shri R.L. Toshniwal	10,99,167
2.	Shri Ravi Toshniwal	9,02,447
3.	Shri Rakesh Mehra	25,499
4.	Shri Shaleen Toshniwal	13,27,913
5.	Shri Vijay Mehta	20

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

### III. COMMITTEES OF THE BOARD

The Committees appointed by the Board focus on specific areas and take informed decisions within their delegated authority. The Committees also make specific recommendations to the Board on various matters from time-to-time. 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 Agreements with the Stock Exchanges. The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for carrying out 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 besides monitoring the pending litigation against the Company as well as show cause notices received by the Company from various authorities. The Audit Committee also reviews the periodic internal and statutory auditors' reports.

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

#### COMPOSITION :

Shri P. A. Makwana, Nominee Director of Exim Bank ceased to be a member of the Audit Committee consequent upon the withdrawal of his nomination by Exim Bank in June, 2008. The Audit Committee was reconstituted at the meeting of the Board of Directors held on 29<sup>th</sup> May, 2009 to include Shri S. B. Agarwal as a member of the Committee. Shri D.S. Alva ceased to be the member & Chairman of the Committee upon his death on 25.06.2009. Now there are, in all, three Non-executive Independent Directors on the Audit Committee viz. Shri P. Kumar, Shri Kamal Kishore Kacholia and Shri S. B. Agarwal. Shri P. Kumar, has been appointed as Chairman of the Audit Committee by the Board on 18<sup>th</sup> July, 2009.

#### MEETINGS

Four meetings of the Audit Committee were held during the year 2008-09 i.e. on 29<sup>th</sup> May, 2008, 26<sup>th</sup> July, 2008, 31<sup>st</sup> October, 2008 and 27<sup>th</sup> January, 2009.

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

#### ATTENDANCE

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

Name of Member	Meeting (s) held (No.)	No. of meetings attended
Shri D.S. Alva	4	4
Shri P. Kumar	4	4
Shri Kamal Kishore Kacholia	4	4
Shri P.A. Makwana*	1	1

\* EXIM Bank withdrew his Nomination w.e.f. 19.06.2008.

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

At the invitation of the Committee, representatives of various departments of the Company besides the Chairman & Managing Director, Whole-time Director-in-charge of finance function, Statutory Auditors, Internal Auditors, Sr. Vice President (F & C) & Company Secretary who also acts as the Secretary to the Committee, also attend the Audit Committee meetings to answer and clarify the points raised at the 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 as also the provisions of Section 292A of the Companies Act, 1956.

The Audit Committee has inter alia, the 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 advice.
- iv) To secure attendance of outsiders with relevant expertise, if considered necessary.

### B. REMUNERATION COMMITTEE

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

The terms of reference of the Committee are:-

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

The remuneration paid to the Whole-time Directors is approved by the Remuneration Committee and shareholders of the company.

### COMPOSITION :

The Remuneration Committee has been reconstituted at the meeting of the Board of Directors held on 18th July, 2009 following the demise of Shri D.S. Alva, Chairman of the Committee, on 25.06.2009. Now, the Remuneration Committee comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar, Shri D.P. Garg and Dr. Shri R. Swaminathan. Shri P. Kumar, has been appointed as Chairman of the Remuneration Committee by the Board on 18<sup>th</sup> July, 2009.

### MEETINGS

During the year 2008-09, one meeting of the Committee was held i.e. on 29<sup>th</sup> May, 2008, to consider the re-appointment of Shri R. L. Toshniwal as Chairman and Managing Director and Shri Rakesh Mehra as Whole-time Director.

### ATTENDANCE

The attendance of the members at the meeting was as under:-

Name of Member	Meeting(s) held (No.)	No. of meetings attended
Shri D.S. Alva	1	1
Shri P. Kumar	1	1
Shri D.P. Garg	1	1

### C. SHAREHOLDERS' GRIEVANCES COMMITTEE

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

The Committee primarily focuses on:

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

### COMPOSITION :

The Shareholders Grievances Committee has been reconstituted at the meeting of the Board of Directors held on 18<sup>th</sup> July, 2009 following the demise of Shri D.S. Alva, Chairman of the Committee, on 25.06.2009. Now, the Committee comprises 3 Non-Executive Independent Directors, viz. Shri P. Kumar, Shri Kamal Kishore Kacholia and Shri Vijay Mehta. Shri P. Kumar has been appointed as Chairman of the Shareholders' Grievances Committee by the Board on 18<sup>th</sup> July, 2009.

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

**MEETINGS**

During the year 2008-09, one meeting of the Committee was held on 19<sup>th</sup> March, 2009. Six complaints were received from the shareholders/investors during the year and all these were resolved to the satisfaction of the complainants.

**ATTENDANCE**

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

Name of Member	Meeting(s) held (No.)	No. of meetings attended
Shri D.S. Alva	1	1
Shri P. Kumar	1	1
Shri Kamal Kishore Kacholia	1	1

**DISPOSAL OF COMPLAINTS**

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

Nature of Complaint	No. of complaints not replied at beginning of the year	No. of complaints received during the year	No. of complaints attended during the year	Range of No. of days taken to reply the complaints (if it exceeds 15 days, pls. specify)	If Pending for reply No. of days pending	No. of complaints not resolved at the end of the year
Non-receipt of Dividend	0	4	4	<15 days	0	0
Non-receipt of Shares lodged for Transfer/Exchange	0	2	2	<15 days	0	0
Others	0	0	0	Not Applicable	0	0

**D. SHARE TRANSFER COMMITTEE**

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

The Committee's primarily focus is :

- To scrutinizes 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, 1956, the Companies (Issue of Share Certificates) Rules, 1960 and those of the Articles of Association of the Company and
- To take all other consequential and incidental actions and measures.

**COMPOSITION:**

The Share Transfer Committee was reconstituted by the Board at its meeting held on 26.07.2008. Shri P. Kumar was appointed as a member in place of Shri P. A. Makwana who ceased to be a member consequent upon the withdrawal of his nomination on the Board by the Exim Bank. As on date, the Share Transfer Committee comprises 3 members, viz. Shri R.L. Toshniwal, Chairman, Shri D.P. Garg and Shri P. Kumar.

**MEETINGS**

During the year 2008-09, 21 meetings of Share Transfer Committee were held. Two members constitute the quorum for each meeting.

**ATTENDANCE**

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

Name of Member	Meeting(s) held (No.)	No. of meetings attended
Shri R.L. Toshniwal	21	21
Shri D.P. Garg	21	18
Shri P. Kumar*	14	13
Shri P.A. Makwana**	5	5

\* Appointed as member of the Committee w.e.f. 26.07.2008.

\*\* EXIM Bank withdrew his Nomination w.e.f. 19.06.2008.

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### IV. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2008-09

1. Appointment and the terms thereof, of Shri R.L. Toshniwal, Chairman & Managing Director, has been approved by the shareholders for 3 years from 1<sup>st</sup> August, 2009 to 31<sup>st</sup> July, 2012.
2. Appointment and the terms thereof, of Shri Ravi Toshniwal, Jt. Managing Director has been approved by the shareholders for 5 years from 24<sup>th</sup> August, 2007 to 31<sup>st</sup> July, 2012.
3. Appointment and the terms thereof, of Shri Rakesh Mehra, Whole-time Director has been approved by the shareholders for 5 years from 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2013.
4. Appointment and the terms thereof, of Shri Shaleen Toshniwal, Whole-time Director has been approved by the shareholders for 5 years from 1<sup>st</sup> November, 2005 to 30<sup>th</sup> September, 2010.

The remuneration to Executive/Whole-time Directors is paid as determined/recommended by the Remuneration Committee and Board of Directors and as finally approved by the Shareholders in their meetings. Non-Executive Independent Directors are being paid Sitting fee @ of Rs.10,000/- for each meeting of the Board of Directors or Committee thereof, However, in case of Share Transfer Committee meetings, sitting fee is Rs.2,500/- per meeting. The remuneration paid to each Director during the period from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009 is as under:-

#### (i) Executive Directors

(Rs. in Lacs)

Sr. No.	Name of Director	Salary	Perquisites (Including PF)
1.	Shri R.L. Toshniwal	36.00	12.60
2.	Shri Ravi Toshniwal	30.00	14.08
3.	Shri Rakesh Mehra	30.00	13.34
4.	Shri Shaleen Toshniwal	24.00	5.17

#### (ii) Non-Executive Independent Directors

(Rs. in Lacs)

Sr. No.	Name of Director	Amount
1.	Shri D.S. Alva	0.80
2.	Shri P. Kumar	1.32
3.	Shri A.N. Jariwala	0.30
4.	Shri Kamal Kishore Kacholia	0.90
5.	Shri Vijay Mehta	0.20
6.	Shri D.P. Garg	0.95
7.	Shri S.B. Agarwal	0.30
8.	Shri Vijay Kumar Agarwal	0.30
9.	Shri P.A. Makwana*, (Nominee Director of EXIM Bank)	0.32
10.	Dr. Shri R. Swaminathan**, (Nominee Director of EXIM Bank)	0.10

\* EXIM Bank withdrew his Nomination w.e.f. 19.06.2008.

\*\* Appointed w.e.f. 19.06.2008

### V. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2007-08	13 <sup>th</sup> Sept., 2008	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001
2006-07	8 <sup>th</sup> Aug., 2007	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001
2005-06	12 <sup>th</sup> July, 2006	4.00 P.M.	Regd. Office : Indl. Area, Dohad Road, Banswara –327 001

**Special resolutions passed in the last 3 AGMs :** The details of special resolutions passed during last 3 years i.e 2006, 2007 & 2008 are as under :

Sr. No.	AGM held on	Special Resolution Passed
1.	12.07.2006	<ol style="list-style-type: none"> <li>1. Issue of bonus shares</li> <li>2. Appointment of Shri Shaleen Toshniwal as Whole-time Director.</li> <li>3. Increase in borrowing power of the Board of Directors</li> <li>4. Increase in remuneration payable to Shri R.L.Toshniwal, Chairman &amp; Managing Director</li> <li>5. Increase in remuneration payable to Shri Ravi Toshniwal, Jt. Managing Director</li> <li>6. Increase in remuneration payable to Shri Rakesh Mehra, Whole-time Director</li> <li>7. Increase in remuneration payable to Shri Shaleen Toshniwal, Whole-time Director</li> <li>8. Delisting of shares from Jaipur Stock Exchange &amp; The Delhi Stock Exchange Association Ltd.</li> <li>9. Alterations in Articles Of Association</li> </ol>
2.	08.08.2007	<ol style="list-style-type: none"> <li>1. Re-appointment of Shri Ravi Toshniwal as Joint Managing Director</li> <li>2. Revision in remuneration payable to Shri R.L.Toshniwal, Chairman &amp; Managing Director</li> <li>3. Revision in remuneration payable to Shri Rakesh Mehra Whole-time Director</li> <li>4. Revision in remuneration payable to Shri Shaleen Toshniwal, Whole-time Director</li> </ol>
3.	13.09.2008	<ol style="list-style-type: none"> <li>1. Re-appointment of Shri R.L. Toshniwal as Chairman &amp; Managing Director.</li> <li>2. Re-appointment of Shri Rakesh Mehra as Whole-time Director.</li> </ol>

#### POSTAL BALLOT

No postal ballot was conducted during the year 2008-09. As on date, the Company does not have any proposal to pass any resolution by the way of postal ballot.

#### VI. DISCLOSURES

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

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

#### VII. MEANS OF COMMUNICATION

The Company has established identifiable systems and procedures to disseminate the relevant information, in a planned way. Quarterly and half yearly results are published in Hindi & English newspapers viz: Rajasthan Patrika, Dainik Bhaskar, The Financial Express, Jansatta and Free Press Journal.

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

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

#### VIII. GENERAL SHAREHOLDER INFORMATION

##### 1. 33<sup>rd</sup> Annual General Meeting (to be held)

Date	:	17 <sup>th</sup> August, 2009
Time	:	4.00 P.M.
Venue	:	Industrial Area, Dohad Road, Banswara – 327 001 (Raj.)

# ANNUAL REPORT 2008-2009

## 2. Financial Year (Tentative Calendar of events)

First Quarter Results	End July, 2009
Second Quarter/ half yearly results & Limited Review	End Oct. 2009
Third Quarter Results & Limited Review	End Jan. 2010
Audited Annual Results (2009-10)	End June, 2010

## 3. Date of Book Closure

The register of members and share transfer books of the Company shall remain closed from 8<sup>th</sup> August, 2009 to 17<sup>th</sup> August, 2009 (both days inclusive).

## 4. Dividend Payment Date : Dividend for the year 2008-09, if approved by the shareholders, will be paid on or after 22<sup>nd</sup> August, 2009.

## 5. Listing of Equity Shares on Stock Exchanges

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

During the year, National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. have granted listing / trading permission for 375000 equity shares issued on conversion of warrants and for 187500 bonus shares issued on these 375000 shares.

The requisite listing fees have been paid for the year 2009-10 to both the Stock Exchanges.

## 6. Stock Code

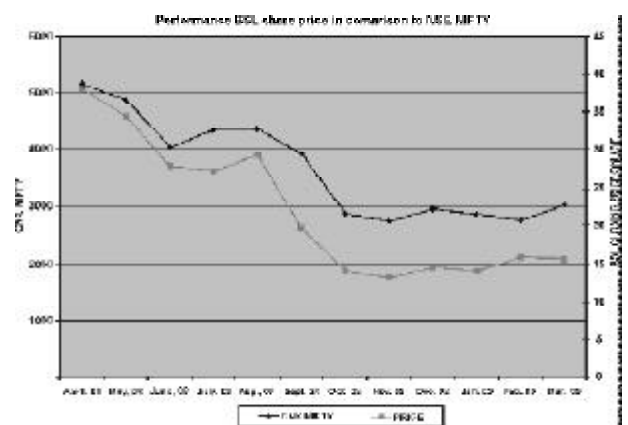
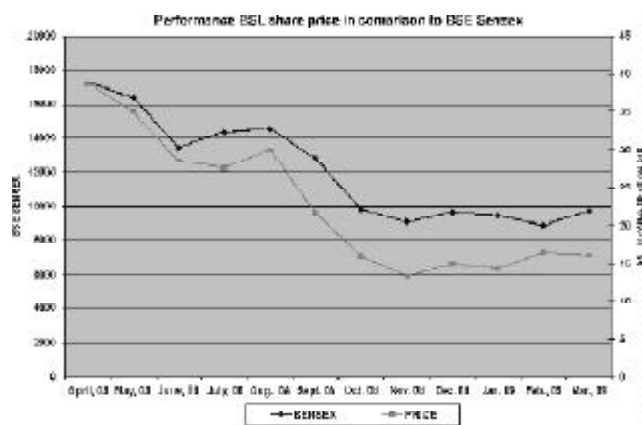
Number in NSDL and CDSL for equity shares	-	ISIN – INE 629 D01012
Bombay Stock Exchange Ltd., Mumbai	-	503722
National Stock Exchange of India Ltd., Mumbai	-	BANSWRAS

## 7. Market Price Data

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

Month	BOMBAY STOCK EXCHANGE LTD.		NATIONAL STOCK EXCHANGE OF INDIA LTD.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2008	45.95	29.30	41.95	29.00
May, 2008	40.05	35.00	44.95	31.05
June, 2008	36.00	27.55	37.50	27.85
July, 2008	29.15	24.20	29.85	23.25
August, 2008	32.50	26.70	34.00	27.00
September, 2008	30.90	19.00	31.20	19.15
October, 2008	23.00	15.15	23.35	13.00
November, 2008	17.85	12.55	18.00	13.15
December, 2008	16.00	12.20	16.45	12.25
January, 2009	17.50	13.15	16.90	12.00
February, 2009	18.90	14.00	17.50	14.40
March, 2009	17.40	14.15	17.65	14.00

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





**9. Registrar & Share Transfer Agent**

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

**10. 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 the function related to physical transfers to the Share Transfer Committee, which is later confirmed by the Board. Physical transfers are effected within one month. The Board has designated the Company Secretary as the Compliance Officer.

**i. Shareholding Pattern as on 31<sup>st</sup> March, 2009**

Sr. No.	Category	No. of Shares held	Percentage of Shareholding (%)
1.	Promoters	7784397	59.39
2.	Mutual Funds and UTI	4925	0.04
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions, Non-Government Institutions)	60695	0.47
4.	Foreign Institutional Investors	-	-
5.	Private Corporate Bodies	1061985	8.10
6.	Indian Public	3882481	29.62
7.	NRIs/OCBs/Foreign Nationals	311878	2.38
8.	GDR	-	-
<b>Grand Total</b>		<b>13106361</b>	<b>100.00</b>

**ii. Distribution of Share holding as on 31<sup>st</sup> March, 2009**

No. of Shares	No. of Shareholders	% of Share holders	No. of shares held	Voting Strength (%)
1 to 500	10421	89.24	936978	7.15
501 to 1000	611	5.23	464066	3.54
1001 to 2000	283	2.42	420958	3.21
2001 to 3000	108	0.92	277414	2.12
3001 to 4000	51	0.44	180489	1.38
4001 to 5000	40	0.34	185099	1.41
5001 to 10000	66	0.57	480049	3.66
10001 & above	98	0.84	10161308	77.53
<b>TOTAL</b>	<b>11678</b>	<b>100.00</b>	<b>13106361</b>	<b>100.00</b>

Category	Number of shareholders	Shareholders (%)	Number of Shares held	Shareholding (%)
Physical	4751	40.68	606710	4.63
Electronic	6927	59.32	12499651	95.37
<b>Total</b>	<b>11678</b>	<b>100.00</b>	<b>13106361</b>	<b>100.00</b>

## 11. Re-appointment of Directors

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

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

- 1) **Shri A.N. Jariwala**, Aged 78 years, Financial Consultant, is on the Board of the Company for the last 12 years. Shareholding in the Company is NIL.

Name of Public Limited Companies in which Shri A.N. Jariwala is Director :-

Sr. No.	Name of the Company
1.	Garden Silk Mills Ltd.
2.	Gujarat Eco Textiles Ltd.

Name of Public Limited Companies in which Shri A.N. Jariwala is Member/ Chairman of any Committee :-

Sr. No.	Name of the Company
1.	Garden Silk Mills Ltd.

- 2) **Shri S.B. Agarwal**, Aged 70 years, Consultant, is on the Board of the Company for the last 4 years. Shareholding in the Company is NIL.

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

Sr. No.	Name of the Company
1.	Tecnocraft Industries (India) Ltd.
2.	Bombay Rayon Fashion Ltd.

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

Sr. No.	Name of the Company
1.	Tecnocraft Industries (India) Ltd.
2.	Bombay Rayon Fashion Ltd.

- 3) **Shri Vijay Kumar Agarawal**, Aged 59 years, Industrialist, is on the Board of the Company for the last 5 years. Shareholding in the Company is NIL.

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

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

Name of the Indian Companies, in which Shri Vijay Kumar Agarawal is Member / Chairman of any Committee.

Sr. No.	Name of the Company
	NIL

## 12. Relationship among Directors

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

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

**13. Dematerialization of shares and liquidity :**

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

Shares of the Company are to be delivered compulsorily in the demat form on Stock Exchanges by all investors. Shares representing 95.37% of the Paid-up Capital have so far been dematerialized by Investors. 189425 shares issued to promoters of the company due to amalgamation of erstwhile Banswara Textile Mills Ltd. with the Company are under lock-in till 31.12.2009, as per the pre listing condition of Bombay Stock Exchange Ltd.

**14. Outstanding GDRs/ ADRs/Warrants and Convertible Instruments**

As on the date, the Company has not issued any GDRs/Warrants or any other instrument which is convertible into Equity Shares of the company.

**15. Plant Locations**

1.	Banswara Syntex Ltd. Banswara Syntex Ltd. Unit - BTM Banswara Syntex Ltd. Unit - BFL Banswara Syntex Ltd. Unit - BJF	Industrial Area, Dohad Road BANSWARA - 327 001 (Rajasthan)
2.	Banswara Syntex Ltd. Readymade Garment Unit - I "Banswara Garments"  Readymade Garment Unit - II "Banswara Garments"	98/3, Village Kadaiya, Nani Daman Distt. DAMAN - 396 210 (U.T.)  Survey No. 713/1, 713/2, 713/3, 725/2 and 725/1 Village Dabhel, Nani Daman Dist. DAMAN - 396 210 (U.T.)
3.	Banswara Syntex Ltd. Readymade Garment Unit - III Banswara Apparel	Plot No. 5 & 6 GIDC Apparel Park, SEZ Sachin SURAT - 394 230 (Gujarat)

**16. Registered Office**

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

**17. Address for correspondence**

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

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

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

**18. Non-Mandatory Requirements**

The Company has not adopted any non-mandatory requirements.

**IX. CODE OF CONDUCT**

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

**X. CEO/CFO CERTIFICATION**
**Certificate from CEO/CFO for the financial year ended March 31, 2009.**

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

## ANNUAL REPORT 2008-2009

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1. That we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2009 and that to the best of our knowledge and belief
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies if any, in the design or operation of internal controls, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and;
4. That we have informed the auditors and the Audit Committee of:
  - i. Significant changes in internal controls during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Mumbai  
Date : 18<sup>th</sup> July, 2009

**R.L. TOSHNIWAL**  
Chief Executive Officer

**RAKESH MEHRA**  
Chief Financial Officer

### **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 the 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 18<sup>th</sup> July, 2009, the same has been duly approved.

**For BANSWARA SYNTEX LIMITED**

Place : Mumbai  
Date : 18<sup>th</sup> July, 2009

**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 31<sup>st</sup> March, 2009 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 Shareholders' Grievances Committee.

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

**For KALANI & COMPANY**  
Chartered Accountants

**K.L. JHANWAR**  
Partner  
M.No. 14080

Place : Jaipur  
Date : 18<sup>th</sup> July, 2009

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Disclaimer

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

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

The core business of the Company is manufacturing and marketing of synthetic blended yarn, wool and wool mix yarn, synthetic and worsted spun fabrics, ready-made garments and made-ups. The Company has also started sale of power from January, 2009.

#### a) **Industry structure, its Development and Opportunity**

The Indian Textile Industry was stagnant in its capacity between 1996 and 2000 and hardly any worthwhile investment was made during the period. The Government, in early 2000, started Technology Upgradation Fund (TUF) which allowed the interest saving of 5%. Simultaneously, the interest rates also started coming down in general, and therefore, finance was available at the interest rate of 4% to 6% p.a. This allowed the

industry to expand its capacity in a big way. Nearly, Rs.80,000 Crore have been invested during the last 9 years under TUF, and Govt. of India has sanctioned a program of Rs.1,50,000 Crore. Most of the investment has gone for spinning expansion, in the expectation of large export of Cotton Yarn to China, Bangladesh and other countries. However, in early years i.e. till 2007, this actually happened, and the industry prospered by export of Cotton Yarn. However in the Year 2007-08, the Rupee appreciated, and simultaneously, it also become know that China had expanded its own spinning capacity, with Bangladesh and Vietnam. Therefore, expected market growth in the Indian spinning industry did not materialize resulting in glut of spinning yarns in India and the entire Textile Industry is coming under pressure.

In the Year 2007-08, many mills had sold their export proceeds in advance, as Rupee was expected to be appreciating further. This did not happen, rather the Rupee depreciated, resulting in large set back to various mills by way of exchange losses.

On the other hand, on account of Rupee depreciation, the exports became profitable once again, and since the petroleum prices also came down, the fibre prices became cheaper. This has provided a competitive edge to Blended Yarn Industry as well as Fabric and Garment Exports.

In order to be more competitive, value addition is the only answer, the Company is constantly adding to its weaving and garmenting capacity, and is going to follow the same policy in future. The yarn exports had a setback on account of Turkey imposing Anti Dumping Duty. However, once again, the Turkey market has started picking up, as that country has no alternative for Dyed Blended Yarn.

The recessionary effect all around the world, more particularly in US, was clearly visible in the Indian Textile industry. The overall sales at the retail counters of almost all brands in textiles have fallen. The retail chain marketing system in the country also got a set back during the year.

Textile is the second largest employment generating industry in the country; therefore, the Government is continuously extending its support for the growth of this segment. The ready-made garment industry, which was reserved for small sector over the decades, really needs support to come up to the world standard. The Indian garment industry is increasing its capacity and quality to compete in the global market. The imposition of Anti Dumping duty on yarn has increased the potential for value added exports in the form of fabric and garments.

In spite of many adverse conditions prevailing for the industry, there are following positive factors due to which India can lead in textiles:

1. Low cost of labour in India and other Asian countries may attract more textile business from developed countries.
2. India is fast becoming a preferred destination for several global brands for sourcing their requirements in the textile and apparel segment.
3. Indian industry is now known for better designs, colours and new products besides, flexible product mix which gives the customer an exclusive arrangement for them.
4. Stable political climate, trade friendly economic laws, balanced & growing economy gives confidence to the buyers.
5. The availability of dyed viscose in the country allows the Indian industry to deliver more variety.
6. Government priority for investment in power generation will reduce the power shortage in the country.
7. Growing fashion consciousness will widen the market for the speciality designed products from the country.

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

### **b) Overview of the Company's performance**

During the year 2008-09, the Company increased its production capacities by adding 284 new ring spindles, 14400 spindles for worsted spinning, 10 Tsudakoma looms and 2 Jacquard looms while increasing the production capacity at its garment plants at Surat and Daman besides commencement of production and export of made-ups. It completed ongoing expansion, modernization and diversification plans. The Company has also started selling power to State Electricity Board on commercial terms.

The Company has plans to consolidate and achieve optimum capacity utilization of recently added production

capacities like spinning of wool and wool mix yarn, cotton yarn dyeing, production of jacquard fabrics, increase in processing capacity, as also the increase in production levels of trousers and jackets. The Company has increased exports of value added fabric and garments, the share of this segment in the total turnover has increased from 44% in 2007-08 to 50% during the year. The Company is also planning to go for production of technical textiles.

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

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

The Company has achieved gross turnover of Rs.55,895 lacs and net profit of Rs.959 lacs for the year 2008-09, after charging extra-ordinary cost of Rs.753 lacs on account of mark to market conversion of foreign currency (USD) forward sale contracts. The performance is likely to improve in the next year if the Rupee remains at the current level.

### **c) Segment-wise performance**

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

### **d) Internal control system**

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

### **e) Discussion on financial performance with respect to operating performance**

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

**f) Developments in human resources and industrial relations**

The Company's progress is a reflection and outcome of its human resources. The Company has fostered a culture of ownership, accountability and self evaluation that encourages employees to continuously strive to improve on their efficiency. There exists a system of regular interaction between the Senior Management and operators at shop floor level which enables sharing of business information have review discussion on specific operational problems and suggestions of the employees. The industrial relations remained cordial throughout the year.

The Company has started the process for Team Working.

**g) Major events during the year**

1. Started production of all wool and wool mix yarns.
2. Started sale of electricity to the State Electricity Board.
3. Commencement utilization of enhanced processing capacity from 16 lacs meters/month to 22 lacs meters/month.
4. Started additional lines for production of trousers and jackets at Surat SEZ Plant and Suits at Daman Plant.
5. Started production of Made-ups/Decor at Banswara.
6. Started Cotton yarn dyeing at Banswara.

**h) Profit before tax**

The profit before tax for the year 2008-09 is Rs.1129 lacs i.e. 2.02% of sales as against Rs.567 lacs i.e. 1.26% of sales in the Financial Year 2007-08.

**For BANSWARA SYNTEX LIMITED**

Place : Mumbai  
Date : 18<sup>th</sup> July, 2009

**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 31<sup>ST</sup> MARCH, 2009.**

S. No.	Name of the Employee	Designation & nature of duties	Remuneration (Rs. in Lacs)	Qualifications & Experience (No. of years)	Age (Years)	Date of Commencement of employment	Previous employer designation, period of service (No. of years)
<b>A. Employed through-out the year and were in receipt of remuneration aggregate of not less than Rs.24,00,000/- per annum</b>							
1.	Shri R.L. Toshniwal	Chairman & Managing Director	48.60	M.Sc. (Tex.) Leeds University, England (46)	75	01.08.77	Oriental Carpets Mfg. (India) Ltd. Chief Executive (6)
2.	Shri Ravi Toshniwal	Joint Managing Director	44.08	B.Tech (Chem. Engg.) (17)	45	24.08.92	-
3.	Shri Rakesh Mehra	Whole-time Director	43.34	F.C.A (21)	52	01.10.93	R.R. Toshniwal Enterprises Chief Executive (5)
4.	Shri Shaleen Toshniwal	Whole-time Director	29.17	MBA (6)	32	21.10.03	-
5.	Shri S.S. Sajal	President	28.39	B.Tech PGDIM (39)	60	21.09.78	Blue Nilo Spinning & Wvg. Co. Ltd. SUDAN Dy. Wvg. Manager (8)
<b>B. Employed for a part of the year and were in receipt of remuneration of not less than Rs.2,00,000/- per month</b>							
- NIL -							

**Notes :-**

- 1) Total number of employees included in the above statement are Five and the nature of their employment is contractual.
- 2) The above figures are for the twelve months period from 1.4.2008 to 31.3.2009.
- 3) Remuneration comprises salary, allowances, monetary value of perquisites and contribution to provident fund.
- 4) In addition to the above remuneration, employees are also entitled to gratuity.
- 5) Employees At Sr. No. 1 to 4 are related to each other.

## AUDITORS' REPORT

### TO THE MEMBERS, BANSWARA SYNTEX LIMITED

We have audited the attached Balance Sheet of BANSWARA SYNTEX LIMITED, as at 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009;
  - 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 : 29<sup>th</sup> May, 2009

## 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 31<sup>st</sup> March, 2009.

- (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.
- (e) Unsecured loans taken from 9 (nine) persons covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.458.09 lacs outstanding at the year end and the maximum amount involved is Rs. 458.09 lacs.
- (f) Interest and other terms & conditions of loan taken are not prima facie prejudicial to the interest to the company.
- (g) Company is regular in payment of principal amount and interest.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.





- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and according to the information and explanations given to us, no order on the company under aforesaid section has been passed by the Company Law Board.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed under Section 209 (1) (d) of the Companies Act, 1956, the maintenance of cost records in respect of its products manufactured by the Company. We have broadly reviewed the books of account maintained and in our opinion; the prescribed accounts and records have *prima facie* been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.  
According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, and cess were in arrears, as at 31.03.2009 for a period of more than six months from the date they became payable except that of excise duty of Rs. 2.61 Lacs (Since paid).
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, customs duty, wealth tax and excise duty which have not been deposited on account of any dispute except the following.

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

The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	2,95,92,751	2006-07 to 2008-09	Honourable High Court, Rajasthan
Finance Act, 1994	Service Tax	19,10,010	2006-07	CESTAT, New Delhi
Finance Act, 1994	Service Tax	18,99,860	2006-07 to 2007-08	Commissioner (Appeals), Jaipur-II

- (x) There are no accumulated losses at the end of financial year. The company has also not incurred cash losses during the financial year covered by our audit and preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has generally not defaulted in repayment of dues to a financial institution and bank.
- (xii) According to information & explanations given to us, the company has not given any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund. Therefore, the provisions of clause 4 (xiii) of Companies (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.1950.00 lacs for loans taken by Carreman Fabrics India Limited, a Joint Venture. The terms and conditions of such guarantee are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company, we report that the no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (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, fraud of Rs.43,25,663/- by employee of the company has been noticed and amount involved has been since recovered. To the best of our knowledge and 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 : 29<sup>th</sup> May, 2009

# ANNUAL REPORT 2008-2009

## BALANCE SHEET

AS AT 31st March, 2009

Rupees in Lacs

	Schedule	As at 31st March, 2009		As at 31st March, 2008	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1,481.14		1,481.14	
Reserves & Surplus	2	<u>7,622.37</u>	9,103.51	<u>6,944.80</u>	8,425.94
<b>Deferred Tax Liability</b>			2,192.93		2,053.07
<b>Loan Funds</b>					
Secured Loans	3	35,405.57		33,207.47	
Unsecured Loans	4	<u>1,451.52</u>	36,857.09	<u>1,313.00</u>	34,520.47
			<u>48,153.53</u>		<u>44,999.48</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	46,886.02		39,170.18	
Less: Depreciation		<u>14,439.87</u>		<u>11,517.70</u>	
		32,446.15		27,652.48	
Add: Capital work-in-progress		263.28		3,515.59	
Add: Advance on Capital Account		<u>380.13</u>		<u>747.08</u>	
Net Block			33,089.56		31,915.15
<b>Investments</b>	6		663.29		663.29
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	7	12,131.20		10,700.47	
Sundry Debtors	8	5,585.31		3,597.80	
Cash & Bank Balances	9	626.30		692.40	
Loans & Advances	10	1,721.94		1,934.54	
Other Current Assets	11	<u>2,223.72</u>		<u>2,408.95</u>	
		22,288.47		19,334.16	
Less: <b>Current Liabilities &amp; Provisions</b>					
Current Liabilities	12	6,265.21		6,278.68	
Provisions	13	<u>1622.58</u>		<u>634.44</u>	
		7,887.79		6913.12	
<b>Net Current Assets</b>			14,400.68		12,421.04
			<u>48,153.53</u>		<u>44,999.48</u>
<b>Accounting Policies &amp; Notes on Accounts</b>	22				

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

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants

R.L.TOSHNIWAL  
Chairman & Managing Director

RAKESH MEHRA  
Wholtime Director

K.L. JHANWAR  
Partner  
M.No. 14080

Directors  
P. KUMAR  
S.B. AGARWAL  
VIJAY KUMAR AGARWAL  
VIJAY MEHTA

R. SWAMINATHAN, Nominee - Exim Bank

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2009

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

**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED ON 31st March, 2009**

Rupees in Lacs

	Schedule	Current Year 31st March, 2009		Previous Year 31st March, 2008	
<b>INCOME</b>					
Turnover	14	<b>55,895.43</b>		45,154.07	
Less : Excise Duty		<u><b>1,001.85</b></u>	<b>54,893.58</b>	<u>1,344.03</u>	43,810.04
Other Income	15		<b>66.16</b>		89.30
Accretion/ (Decretion) to Stock	16		<u><b>1,028.66</b></u>		<u>1,585.03</u>
			<b>55,988.40</b>		45,484.37
<b>EXPENDITURE</b>					
Materials	17	<b>26,291.95</b>		23,198.30	
Manufacturing Expenses	18	<b>11,937.38</b>		9,429.73	
Payments to and Provisions for Employees	19	<b>5,413.09</b>		4,292.39	
Administrative & Selling Expenses	20	<b>4,379.55</b>		3,251.37	
Financial Expenses	21	<b>3,323.38</b>		2,373.08	
Excise Duty		<u><b>(179.09)</b></u>	<b>51,166.26</b>	<u>192.10</u>	<u>42,736.97</u>
<b>Profit Before Extraordinary Item, Depreciation &amp; Tax</b>			<b>4,822.14</b>		2,747.40
Extraordinary Item			<u><b>753.32</b></u>		-
<b>Profit Before Depreciation &amp; Tax</b>			<b>4,068.82</b>		2,747.40
Depreciation			<u><b>2,939.33</b></u>		<u>2,180.04</u>
<b>Profit Before Tax</b>			<b>1,129.49</b>		567.36
Taxes on Income					
Current Tax		<b>128.18</b>		65.23	
Deferred Tax		<b>139.86</b>		96.29	
Fringe Benefits Tax		<u><b>30.33</b></u>		<u>28.75</u>	
		<b>298.37</b>		190.27	
Less : MAT Credit Entitlement		<u><b>128.00</b></u>	<b>170.37</b>	<u>65.23</u>	<u>125.04</u>
<b>Profit After Tax</b>			<b>959.12</b>		442.32
Balance Brought Forward			<u><b>608.02</b></u>		<u>505.43</u>
<b>Profit Available for Appropriations</b>			<b>1567.14</b>		947.75
<b>APPROPRIATIONS</b>					
Proposed Dividend on Preference Shares		<b>5.19</b>		5.19	
Proposed Dividend on Equity Shares		<b>235.46</b>		156.98	
Tax on Dividend		<b>40.90</b>		27.56	
Transfer to General Reserve		<u><b>750.00</b></u>	<b>1,031.55</b>	<u>150.00</u>	<u>339.73</u>
<b>Balance Carried to Balance Sheet</b>			<u><b>535.59</b></u>		<u>608.02</u>
Earning Per Share Basic & Diluted (Rs.)			<b>7.29</b>		3.34
<b>Accounting Policies &amp; Notes on Accounts</b>	22				

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

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered AccountantsR.L.TOSHNIWAL  
Chairman & Managing DirectorRAKESH MEHRA  
Wholetime DirectorK.L. JHANWAR  
Partner  
M.No. 14080Directors  
P. KUMAR  
S.B. AGARWAL  
VIJAY KUMAR AGARWAL  
VIJAY MEHTA

R. SWAMINATHAN, Nominee - Exim Bank

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2009J. K. JAIN  
Sr. Vice President (Finance & Commerce)  
& Company Secretary

# ANNUAL REPORT 2008-2009

## SCHEDULES

Schedule 1 to 22 Annexed to and forming integral part of the Accounts for the year ended on 31st March, 2009

	As at 31st March, 2009	Rupees in Lacs As at 31st March, 2008
<b>SCHEDULE '1' SHARE CAPITAL</b>		
<b>Authorised</b>		
2,00,00,000 Equity Shares of Rs.10 each	2,000.00	2,000.00
5,00,000 Redeemable Preference Shares of Rs.100 each	<u>500.00</u>	<u>500.00</u>
	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued &amp; Subscribed</b>		
1,31,06,361 Equity Shares of Rs.10/- each * (1,31,06,361 Equity Shares of Rs.10/- each)*	1,310.64	1,310.64
1,73,000 3% Redeemable Preference Shares of Rs. 100 each	<u>173.00</u>	<u>173.00</u>
	<u>1,483.64</u>	<u>1,483.64</u>
<b>Paid Up</b>		
1,31,06,361 Equity Shares of Rs.10 each* (1,31,06,361 Equity Shares of Rs.10 each)*	1,310.64	1,310.64
Less: Allotment money due		
From Directors	-	-
From Others	<u>2.50</u>	<u>2.50</u>
1,73,000 3% Redeemable Preference Shares of Rs. 100 each	<u>173.00</u>	<u>173.00</u>
	<u>1,481.14</u>	<u>1,481.14</u>

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

## SCHEDULE '2' RESERVES AND SURPLUS

<b>Capital Reserve</b>		
As per last Balance Sheet	202.39	202.39
<b>Securities Premium Account</b>		
As per last Balance Sheet	1,750.22	1,520.58
Add: Received During the year	-	248.39
Less: Utilised for Issue of Bonus Share	<u>-</u>	<u>18.75</u>
	1,750.22	1,750.22
<b>General Reserve</b>		
As per last Balance Sheet	4,384.17	4,234.17
Add: Transfer from Profit & Loss a/c	<u>750.00</u>	<u>150.00</u>
	5,134.17	4,384.17
<b>Profit &amp; Loss Account</b>		
	<u>535.59</u>	<u>608.02</u>
	<u>7,622.37</u>	<u>6,944.80</u>

	As at 31st March, 2009	Rupees in Lacs As at 31st March, 2008
<b>SCHEDULE '3' SECURED LOANS</b>		
<b>Term Loans</b>		
<b>From Financial Institutions and Banks</b>		
Industrial Development Bank of India	1,164.31	1,498.31
Bank of Baroda	2,580.76	2,760.00
Punjab National Bank	6,927.82	7,023.44
Export Import Bank of India	9,028.86	8,600.56
Union Bank of India	829.00	1,110.10
Bank of India	1,252.33	673.01
Axis Bank	2,500.00	2,015.27
<b>From Others</b>	<b>10.18</b>	<b>38.67</b>
Interest Accrued and Due on Term Loans	<u>125.46</u>	<u>117.50</u>
	<b><u>24,418.72</u></b>	<b><u>23,836.86</u></b>
<b>Deferred Payment Credits</b>		
Deferred payment credits under Rajasthan Sales Tax Deferment Scheme	<u>210.00</u>	<u>266.47</u>
<b>Working Capital Loans from Banks</b>		
Punjab National Bank	6,308.63	5,832.43
Union Bank of India	1,558.19	928.59
Bank of Baroda	1,570.57	1,331.40
Bank of India	<u>1,339.46</u>	<u>1,011.72</u>
	<b><u>10,776.85</u></b>	<b><u>9,104.14</u></b>
	<b><u>35,405.57</u></b>	<b><u>33,207.47</u></b>

**Securities**

**For Term Loans from Financial Institutions and Banks:**

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

Term Loans from Financial Institutions and Banks are guaranteed by Shri R.L. Toshniwal, Chairman & Managing Director and Shri Ravi Toshniwal, Joint Managing Director in their personal capacities except for term loan of Rs. 5911 lacs from Export Import Bank of India, which is guaranteed only by Shri R.L. Toshniwal, Chairman & Managing Director.

**For Others:**

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

**For Deferred Payment Credits:**

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

**For Working Capital Loans:**

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

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		As at 31st March, 2009		Rupees in Lacs As at 31st March, 2008	
<b>SCHEDULE '4' UNSECURED LOANS</b>					
<b>Unsecured Loans:</b>					
<b>Fixed Deposits :</b>	From Directors	36.63		21.28	
	From Others	<u>642.61</u>	679.24	<u>613.51</u>	634.79
<b>Long Term Loans :</b>	From Bank*	308.00		-	
	From Corporates	<u>154.00</u>	462.00	<u>269.47</u>	269.47
<b>Short Term Loans :</b>	From Bank	-		200.00	
	From Corporates	<u>310.28</u>	310.28	<u>208.74</u>	408.74
			<u>1,451.52</u>		<u>1,313.00</u>

**Note :**

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

## SCHEDULE '5' FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 01-04-2008	Additions	Deductions/ Adjustment	As at 31-03-2009	For the Year	Up to 31-03-2009	As at 31-03-2009	As at 31-03-2008
Lease Hold Land & Site Development	349.34	-	3.98	345.36	3.98	-	345.36	349.34
Free Hold Land & Site Development	47.13	-	-	47.13	-	-	47.13	47.13
Road & Buildings	4697.44	2040.16	-	6737.60	195.28	939.11	5798.49	3953.61
Plant & Machinery	32070.78	5429.56	132.11	37368.25	2511.55	12349.28	25018.97	22228.67
Building Machinery	1.38	-	-	1.38	-	1.31	0.07	0.07
Electric & Water Supply Installation	924.84	169.08	1.30	1092.62	90.78	467.71	624.91	547.91
Furniture & Fixtures	406.74	83.04	2.10	487.68	46.55	292.02	195.66	161.47
Office Equipments	369.96	93.87	0.04	463.79	61.39	277.66	186.13	153.73
Live Stock	0.07	-	-	0.07	-	-	0.07	0.07
Vehicles	302.50	57.84	18.20	342.14	29.80	112.77	229.37	210.48
<b>SUB-TOTAL</b>	39170.18	7873.55	157.73	46886.02	2939.33	14439.87	32446.15	27652.48
Previous Year	28164.92	11283.01	277.75	39170.18	2180.03	11517.70	27652.48	18668.23
Capital Work-In-Progress							263.28	3515.59
Advance on Capital Account							380.13	747.08
<b>SUB-TOTAL</b>							643.41	4262.67
<b>TOTAL</b>							<u>33089.56</u>	<u>31915.15</u>

Note: Road & Buildings includes Rs.331.32 lacs paid for acquiring 657 equity shares of M/s Rastogi Estate & Construction Co. (Pvt.) Ltd. attached with right of ownership and possession of office building at Mumbai.

	As at 31st March, 2009	Rupees in Lacs As at 31st March, 2008
<b>SCHEDULE '6' INVESTMENTS (AT COST)</b>		
<b>Long Term</b>		
<b>I. Trade</b>		
<b>A) Quoted</b>		
<b>In Equity Shares</b>		
3,00,000 Equity Shares of Rs. 10/- each of Banswara Fabrics Ltd. (Quotation not available)	30.00	30.00
<b>B) Unquoted</b>		
<b>Government &amp; Other Securities</b>		
National Savings Certificate (Deposited with State and Central Excise Authorities)	0.13	0.13
<b>Investment in Joint Venture Company</b>		
61,99,700 Equity Shares of Rs. 10/- each of Carreman Fabrics India Ltd.	620.07	620.07
<b>Sub Total (I)</b>	<u>650.20</u>	<u>650.20</u>
<b>II. Other</b>		
<b>A) Quoted</b>		
<b>In Equity Shares</b>		
10,114 Equity Shares of Rs. 10/- each of Union Bank of India	3.04	3.04
<b>B) Unquoted</b>		
<b>Units in Mutual Fund</b>		
1,00,000 Units @ Rs. 10/- Each Principal PNB Long Term Equity Fund 3 Year Plan Series-II Growth Plan (NAV Rs. 4.49 Per Unit)	10.00	10.00
<b>Shares in Co-Operative Bank</b>		
500 Equity Shares of Rs. 10/- each of New Indian Co-Operative Bank Ltd.	0.05	0.05
<b>Sub Total (II)</b>	<u>13.09</u>	<u>13.09</u>
<b>Total (I + II)</b>	<u>663.29</u>	<u>663.29</u>
<b>Investments aggregate value of</b>		
<b>Quoted Investment</b>		
Book Value	33.04	33.04
Market Value	44.85	44.24
<b>Unquoted Investment</b>	630.25	630.25

**SCHEDULE '7' INVENTORIES\***

(At lower of Cost or Net Realisable Value)

Raw Materials	3,681.48	3,344.58
Stores & Spares	842.64	777.47
Works-in-Process	1,014.45	1070.96
Finished Goods		
Yarn	2,269.10	2,409.61
Cloth Grey	1696.11	807.22
Cloth Processed	2,086.43	2,058.04
Garment	507.05	215.49
Waste	33.94	17.10
	<u>6,592.63</u>	<u>5,507.46</u>
	<u>12,131.20</u>	<u>10,700.47</u>

**\* Includes:**

- (i) In transit **Rs. 571.35 Lacs** (Rs. 605.69 Lacs)  
 (ii) With others **Rs. 786.80 Lacs** (Rs. 571.85 Lacs)

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	As at 31st March, 2009	Rupees in Lacs As at 31st March, 2008
<b>SCHEDULE '8' SUNDRY DEBTORS (Unsecured)</b>		
<b>Outstanding Exceeding Six Months</b>		
Considered Good	176.59	151.85
Considered Doubtful	<u>125.61</u>	<u>102.64</u>
	<b>302.20</b>	<b>254.49</b>
Less: Provision for Doubtful Debts	<u>125.61</u>	<u>102.64</u>
	<b>176.59</b>	<b>151.85</b>
<b>Other Debts</b>		
Considered Good	<u>5,408.72</u>	<u>3,445.95</u>
	<b>5,585.31</b>	<b>3,597.80</b>
<b>SCHEDULE '9' CASH &amp; BANK BALANCES</b>		
Cash on Hand	13.25	16.45
<b>Bank Balances</b>		
Scheduled Banks:		
-Fixed Deposits (Including Acrued Interest thereon)*	498.32	514.37
-Current Account	<u>114.73</u>	<u>161.58</u>
	<b>613.05</b>	<b>675.95</b>
	<u>626.30</u>	<u>692.40</u>
* Fixed Deposits with interest pledged with Bankers and Government authorities <b>Rs.498.32 Lacs</b> (Rs. 209.61 Lacs)		
<b>SCHEDULE '10' LOANS AND ADVANCES</b>		
<b>(Unsecured-Considered Good)</b>		
Advance recoverable in cash or in kind or for value to be received	1,035.82	1,306.79
Loans to Employees & Workers	54.56	57.97
Security Deposits with Govt.Deptt. & others	266.48	238.83
Prepaid Expenses	141.92	182.84
MAT Credit Entitlement	193.23	65.23
Advance Income Tax and Tax deducted at source	189.31	204.56
Less : Provision for Current Tax (as per contra)	<u>159.38</u>	<u>121.68</u>
	<b>29.93</b>	<b>82.88</b>
	<u>1,721.94</u>	<u>1,934.54</u>
<b>SCHEDULE '11' OTHER CURRENT ASSETS</b>		
<b>A) RECEIVABLES AGAINST EXPORT</b>		
Duty Entitlements Pass Book	629.93	356.99
Others	<u>518.56</u>	<u>824.23</u>
	<b>1,148.49</b>	<b>1,181.22</b>
<b>B) OTHER CLAIMS RECEIVABLE</b>		
Under TUF Scheme	1,014.54	1174.10
Others	<u>60.69</u>	<u>53.63</u>
	<b>1,075.23</b>	<b>1227.73</b>
	<u>2,223.72</u>	<u>2,408.95</u>





	<b>As at 31st March, 2009</b>	Rupees in Lacs As at 31st March, 2008
<b>SCHEDULE '12' CURRENT LIABILITIES</b>		
Acceptance	<b>301.06</b>	679.95
Sundry Creditors	<b>9.38</b>	-
- Micro, Small and Medium Enterprises @		
- Others	<b>5,279.12</b>	5,035.00
{Including book overdrawn <b>Rs. 93.27 Lacs</b> (95.03 Lacs)}		
Unclaimed Dividend	<b>19.80</b>	14.02
Security Deposits	<b>30.52</b>	40.42
Interest accrued but not due	<b>33.66</b>	33.25
Other Liabilities	<b>591.67</b>	476.04
	<b><u>6,265.21</u></b>	<b><u>6,278.68</u></b>

**SCHEDULE '13' PROVISIONS**

Proposed Dividend	<b>240.65</b>	162.17
Tax on Dividend	<b>40.90</b>	27.56
Gratuity	<b>493.03</b>	375.15
Leave Encashment	<b>94.68</b>	69.56
Foreign Exchange Financial Instruments	<b>753.32</b>	-
Taxation	<b>159.38</b>	121.68
Less : Advance Tax and Tax deducted at source (as per contra)	<b><u>159.38</u></b>	<b><u>121.68</u></b>
	<b><u>1622.58</u></b>	<b><u>634.44</u></b>

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

	<b>Current Year 31st March, 2009</b>	Previous Year 31st March, 2008
<b>SCHEDULE '14' TURNOVER</b>		
Yarn	<b>26,466.60</b>	24,386.36
Cloth	<b>23,835.97</b>	16,816.66
Garment	<b>4,364.81</b>	2,972.33
Power	<b>472.99</b>	-
Waste	<b>174.79</b>	240.00
Fibre 2,00,782Kgs.(7,77,909 Kgs.)	<b>163.19</b>	476.35
Scrap	<b>137.55</b>	91.72
Trading Goods	<b>0.16</b>	-
Job Income	<b>279.37</b>	170.65
	<b><u>55,895.43</u></b>	<b><u>45,154.07</u></b>

**SCHEDULE '15' OTHER INCOME**

Rent Received	<b>3.81</b>	2.56
Profit on sale of fixed assets	<b>0.64</b>	9.57
Liabilities no Longer Required Written Back	<b>-</b>	0.06
Exchange Rate Fluctuation	<b>-</b>	5.37
Bad Debts Recovered	<b>2.38</b>	-
Dividend Received	<b>0.40</b>	0.20
Others	<b>58.93</b>	71.54
	<b><u>66.16</u></b>	<b><u>89.30</u></b>

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		Rupees in Lacs	
		Current Year 31st March, 2009	Previous Year 31st March, 2008
<b>SCHEDULE '16' ACCRETION / (DECRETION) TO STOCK</b>			
<b>Closing Stock</b>	Yarn	2,269.10	2,409.61
	Cloth (Grey)	1,696.11	807.22
	Cloth (Processed)	2,086.43	2,058.04
	Work-in-Process	1,014.45	1,070.96
	Waste	33.94	17.10
	Garment	507.05	215.49
		<u>7,607.08</u>	<u>6,578.42</u>
<b>Less : Opening Stock</b>	Yarn	2,409.61	1,396.50
	Cloth (Grey)	807.22	967.84
	Cloth (Processed)	2,058.04	1,594.35
	Work-in-Process	1,070.96	798.74
	Waste	17.10	16.49
	Garment	215.49	219.47
		<u>6,578.42</u>	<u>4,993.39</u>
		<u>1,028.66</u>	<u>1,585.03</u>
<b>SCHEDULE '17' MATERIALS</b>			
<b>Raw Material Consumed</b>			
Opening stock		3,344.58	2,680.26
Add : Purchases (Excluding for Sale/Claim)		24,229.08	21,795.23
		<u>27,573.66</u>	<u>24,475.49</u>
Less : Closing stock		<u>3,681.48</u>	<u>3,344.58</u>
		23,892.18	<u>21,130.91</u>
<b>Dyes &amp; Chemicals Consumed</b>			
<b>Purchase :</b>		1,555.09	<u>1,086.10</u>
	Cloth	235.35	154.64
	Yarn	458.74	357.20
	Fibre 2,00,782 Kgs. (7,77,909 Kgs.)	<u>150.59</u>	<u>469.45</u>
		844.68	981.29
		<u>26,291.95</u>	<u>23,198.30</u>
<b>SCHEDULE '18' MANUFACTURING EXPENSES</b>			
Stores & Spare Parts Consumed		1,708.30	1,427.72
Packing Expenses		780.84	686.77
Power		519.03	853.21
Fuels		6,235.77	4,143.32
Job Charges		2,093.58	1,726.49
Processing Expenses		84.50	56.37
Repairs to :	Plant & Machinery	383.92	370.99
	Building	102.74	148.47
	Others	28.70	16.39
		<u>11,937.38</u>	<u>9,429.73</u>
<b>SCHEDULE '19' PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>			
Salaries, Wages, Allowances, Bonus etc.		4,681.04	3,694.64
Contribution to Provident & Other Funds		506.17	404.15
Workmen & Staff Welfare Expenses		<u>225.88</u>	<u>193.60</u>
		<u>5,413.09</u>	<u>4,292.39</u>

Rupees in Lacs

**Current Year**  
**31st March, 2009**

 Previous Year  
 31st March, 2008

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

Rent	58.95		36.67
Rates and Taxes (net of refund of Rs. 77.06 Lacs)	80.75		90.36
Managing Director's Remuneration	43.32		36.74
Directors' Remuneration	100.55		84.01
Insurance Charges	55.66		70.98
Payment to Auditors			
As Auditors			
-Fees	4.05		3.05
-Expenses	1.35		1.17
In other capacity			
-Tax Audit Fees	0.67		0.61
-Certification	1.65		1.80
-Taxation Matters	1.96		1.66
-Service tax	0.45		0.48
Directors' Fees	5.50		6.20
Travelling Expenses	51.93		37.70
Directors' Travelling Expenses	10.21		10.63
Foreign Travelling Expenses	94.21		79.81
Communication Expenses	94.07		82.51
Legal & Professional Expenses	60.89		77.72
Charity & Donation	7.80		9.69
Loss on forward exchange contracts	138.31		11.43
Loss on Sale of Fixed Assets	2.42		10.82
Exchange Rate Fluctuation	62.28		-
Miscellaneous Expenses	398.73		351.97
		<b>1,275.71</b>	<b>1,006.01</b>

**Selling Expenses**

Commission to Selling Agents	1,238.27		708.27
Brokerage and Cash Discounts	160.81		133.97
Freight, Octroi and Forwarding Charges	1,467.37		1,267.29
Claims	128.95		40.11
Advertisements	8.85		11.34
Provision for Doubtful Debts	45.33		37.62
Others	54.26		46.76
		<b>3,103.84</b>	<b>2,245.36</b>
		<b>4,379.55</b>	<b>3,251.37</b>

**SCHEDULE '21' FINANCIAL EXPENSES**
**Interest on**

Term Loans	1,561.97		1,002.36
Bank & Others	1,667.92		1,412.17
	3,229.89		2,414.53
Less : Interest Received	305.51		283.83
(Tax Deducted at sources Rs.55.60 lacs			
Previous year Rs. 36.79 Lacs)		<b>2,924.38</b>	<b>2,130.70</b>
<b>Bank &amp; Other Charges</b>		<b>399.00</b>	<b>242.38</b>
		<b>3,323.38</b>	<b>2,373.08</b>

## SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### A) ACCOUNTING POLICIES

#### 1. System of Accounting and use of estimates

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

#### 2. Fixed Assets

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

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

#### 3. Depreciation

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

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

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

#### 4. Valuation of Inventories

Inventories are valued at Lower of Cost or Net Realisable Value. Cost is measured on first in first out basis.

#### 5. Turnover

i) Turnover are inclusive of excise duty, refund and other related realization but exclusive of value added tax charged.

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

#### 6. Investments

Long Term Investments are carried at cost. Whereas, Current Investments are carried at lower of Cost or Net Realisable Value. In case of Long Term Investments, 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.

#### 8. Foreign Currency Transactions

i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the day of the transactions.

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

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

#### 9. Employees' Benefits

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.

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

**SCHEDULE '22' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)**
**10. Provision for doubtful debts**

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

**11. Taxes on Income**

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

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

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

**12. Borrowing Costs**

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

13. Except where stated, accounting policies are consistent with the generally accepted accounting principles and have been consistently applied.

**B) NOTES ON ACCOUNTS**

1. Contingent liabilities not provided for in respect of :-

Rupees in Lacs

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
a) Bills discounted with banks remaining outstanding		
i) Against Foreign LC	<b>5,158.54</b>	4,086.16
ii) Others	<b>844.05</b>	1,025.69
b) Letter of Credit established with banks	<b>26.18</b>	526.37
c) Guarantees given by the bankers on behalf of the company for which FDRs <b>Rs.19.39 lacs</b> (Rs.10.20 lacs) pledged with them.	<b>173.60</b>	92.94
d) Guarantees given by company to Banks for loan to Carreman Fabrics India Ltd (Outstanding as on 31.03.2009 Rs. 1757.59 Lacs)	<b>1,950.00</b>	1,950.00
e) Claims against the company not acknowledged as debt :-		
(a) Under Tax Laws	<b>455.85</b>	391.70
(b) By Others:		
(i) On Revenue account	<b>4.24</b>	3.49
(ii) On Capital account	<b>Nil</b>	Nil

There is no reimbursement possible on account of contingent liabilities.

2. Estimated amount of contracts remaining to be executed on Capital account Rs. 2486.84 lacs (Rs. 3204.84 lacs) and export obligation against EPCG licenses Rs. 13141.95 lacs (previous year Rs. 15956.00 lacs)
3. In terms of Accounting Policy No.2, Borrowing Cost Rs. 35.28 lacs (previous year Rs.223.62 lacs) and Salary Rs. 1.98 lacs (previous year Rs.53.96 lacs) incurred during the construction/installation of fixed assets have been capitalized.
4. Advances includes amount due from officers of the Company Rs. Nil (Nil) with maximum debit balance Rs. 1.13 lacs (Rs. 1.51 Lacs). Debtors include Rs. Nil (Nil) due from directors with maximum balance of Rs. Nil (Rs. 6.06 Lacs). It also includes Rs. Nil (Nil) due from a partnership firm with maximum balance of Rs. 57.32 lacs (Rs. 28.01 Lacs) in which directors are partners.
5. Excise Duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.
6. Credit in respect of Minimum Alternative Tax under Income Tax Act 1961 (MAT Credit –Entitlement) is recognized in accordance with guidance note issued by the Council of the Institute of Chartered Accountants of India.

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

7. Disclosures as required by Accounting Standards:

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

**1. Defined Contribution Plan**

Employer's contribution to provident fund paid Rs.366.72 Lacs (Previous year Rs.280.00 Lacs) has been recognized as expense for the year.

**2. Defined Benefit Plan**

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

	Gratuity As At		Rupees In Lacs Leave Encashment As At	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
<b>I. Actuarial Assumptions</b>				
Mortality	LIC (1994-96) Ult		LIC (1994-96) Ult	
Discount Rate	8.00%	8.50%	8.00%	8.50%
Rate of increase in compensation	4.00%	3.50%	4.00%	3.50%
Rate of return (expected) on plan assets withdrawal rates	0.80%	0.80%	0.80%	0.80%
Expected average remaining service (Years)	32.73	32.75	30.69	32.75
<b>II. Charges in Present Value of Obligations (PVO)</b>				
PVO at beginning of period	375.15	312.75	69.56	47.47
Interest Cost	30.37	23.33	5.29	3.39
Current Service Cost	75.62	61.57	35.54	23.93
Benefits paid	(35.65)	(42.30)	(14.56)	(10.16)
Actuarial (gain)/loss on obligation	47.54	19.80	(1.15)	4.93
PVO at end of period	493.03	375.15	94.68	69.56
<b>III. Amount to be recognized in the Balance Sheet and Statement of Profit &amp; Loss account</b>				
PVO at end of period	493.03	375.15	94.68	69.56
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status	(493.03)	(375.15)	(94.68)	(69.56)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(493.03)	(375.15)	(94.68)	(69.56)
<b>IV. Expense recognized in the statement of P &amp; L A/c</b>				
Current Service Cost	75.62	61.57	35.54	23.93
Interest Cost	30.37	23.33	5.29	3.39
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/ Loss recognized for the period	47.54	19.80	(1.15)	4.93
Expense recognized in the statement of P & L A/c.	153.53	104.70	39.68	32.25
<b>V. Movements in the Liability recognized in Balance Sheet</b>				
Opening Net Liability	375.15	312.75	69.56	47.57
Expenses as above	153.53	104.70	39.68	32.25
Benefits paid	(35.65)	(42.30)	(14.56)	(10.16)
Closing Net Liability	493.03	375.15	94.68	69.56

**B. Accounting Standard 17 - " Segment Reporting"**

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

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

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

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

Carreman Fabrics India Ltd.  
Banswara Fabrics Ltd.

**b) Key Management Personnel and Their Enterprises :**

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

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

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.

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

Rupees in Lacs

Nature of Transaction	Related Parties					
	Referred in 1 (a) above		Referred in 1 (b) above		Referred in 1 (c) above	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>SALES</b>						
Cloth	0.61	181.47	21.43	5.88	-	-
Yarn	-	13.65	45.30	28.01	-	-
<b>PURCHASE</b>						
Cloth	186.01	96.91	-	-	-	-
<b>JOB CHARGES</b>						
Weaving	1,119.15	978.55	-	-	-	-
<b>EXPENSES</b>						
Rent	-	-	-	-	9.60	9.60
Remuneration	-	-	165.19	152.75	-	-
Interest	5.98	0.20	2.81	2.37	13.09	11.78
Reimbursement of expenses (Net)	0.19	3.30	-	-	-	-
<b>INCOMES</b>						
Rent	0.18	0.09	-	-	-	-
Supervision Charges	1.80	0.90	-	-	-	-
<b>SUNDRY BALANCES TAKEN OVER</b>						
Credit Balances	-	60.29	-	-	-	-
Debit Balances	-	39.65	-	-	-	-
<b>FINANCE</b>						
Fixed Deposit Accepted	-	-	15.00	7.25	5.00	11.50
Fixed Deposit Repayment	-	-	-	-	-	5.50
<b>OUTSTANDING</b>						
Fixed Deposits	-	-	36.66	21.28	120.51	115.17
Amount Receivable	-	26.30	0.25	-	-	-
Amount Payable	508.57	295.98	-	-	-	-
Property Deposit	-	-	-	-	80.00	80.00
Capital Contribution	650.07	650.07	-	-	-	-

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

In respect of the outstanding balance recoverable as at 31<sup>st</sup> March, 2009, 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>2008-2009</u>	<u>2007-2008</u>
a. Amount used as the numerator Profit after tax, dividend on preference shares and tax thereon	Rs. In Lacs	953.04	436.25
b. Weighted average number of equity shares used as the denominator in computing Basic Earning Per Share	Nos.	1,30,75,208	1,30,75,208
c. Nominal value Per Share	Rs.	10.00	10.00
d. Earning Per Share :			
- Basic	Rs.	7.29	3.34
- Diluted	Rs.	7.29	3.34

#### E. Accounting Standard – 22 "Taxes on Income"

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

##### Major components of deferred tax balances

<b>PARTICULARS</b>	<b>31st March, 2009</b>	<b>Rupees In Lacs 31st March, 2008</b>
<b>Deferred Tax Liabilities</b>		
i) Difference between accounting and tax depreciation (cumulative)	3,144.54	2,858.74
<b>TOTAL</b>	<b>3,144.54</b>	<b>2,858.74</b>
<b>Deferred Tax Assets</b>		
i) Accumulated unabsorbed depreciation	258.89	402.29
ii) Provision for doubtful debts (to date)	42.69	34.89
iii) Disallowances under section 43B for non payment of expenses	193.62	216.13
iv) Others	456.41	152.36
<b>TOTAL (i to iv)</b>	<b>951.61</b>	<b>805.67</b>
<b>Net Deferred Tax Liabilities</b>	<b>2,192.93</b>	<b>2,053.07</b>

Net current deferred tax liability of Rs. 139.86 Lacs has been charged to Profit & loss Account besides current tax Rs. 128.18 lacs as per Income Tax Act, 1961.

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

- The Company has entered into the Joint Venture with Carreman, France for 50% ownership interest in jointly controlled entity Carreman Fabrics India Ltd.
- The above Joint Venture Company is incorporated in India. The company's share of assets and liabilities as on **31<sup>st</sup> March, 2009** and income and expenses for the period ended on that date in respect of joint venture entities as per Financial Statements is given below :

	<b>31st March, 2009</b>	<b>Rupees In Lacs 31st March, 2008</b>
<b>i. Assets</b>		
Long Term Assets	1,447.98	1,607.58
Current Assets	361.84	261.07
Total (a)	1,809.82	1,868.65



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

<b>ii. Liabilities</b>		
Long Term Liabilities	<b>1,022.17</b>	1,158.16
Current Liabilities	<b>59.05</b>	34.45
Total (b)	<b>1,081.22</b>	1,192.61
<b>iii. Contingent Liability</b>	<b>Nil</b>	Nil
<b>iv. Capital Commitments</b>	<b>Nil</b>	Nil
<b>v. Incomes</b>	<b>572.80</b>	626.61
<b>vi. Expenditures</b>	<b>525.19</b>	623.06

The Company has given guarantee in favour of bankers of Carreman Fabrics India Ltd. for an amount of Rs. **1,950 lacs** (Rs. 1,950 Lacs) for term loan. (outstanding as on 31.03.2009 Rs. 1757.59 lacs)

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

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

**H. Accounting Standard 29 - "Provisions Contingent Liabilities and Contingent Assets" :**

Sr. No.	Nature of Provision & expected time of outflow	Provision outstanding at the beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed the year	Provision outstanding at the end of the year
1.	Taxation	121.68	128.00	90.30	-	159.38
2.	Proposed Dividend	162.17	240.65	162.17	-	240.65
3.	Tax on Proposed Dividend	27.56	40.90	27.56	-	40.90
4.	Gratuity	375.15	153.53	35.65	-	493.03
5.	Leave Encashment	69.56	39.68	14.56	-	94.68
6.	Foreign Exchange Financial Instruments	-	753.32	-	-	753.32

**8. Financial and Derivative Instruments**

Company has entered into following foreign exchange financial instruments

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

Outstanding forward exchange financial instruments entered into by the company.

in lacs			
As at	No of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2009	8	37.53	1904.16
31.03.2008	1	20.00	793.80

Forward exchange financial instruments as at 31.03.2009 includes hedged for contract export where fabric prices will be calculated in rupee value at fixed exchange rate.

Outstanding foreign exchange option transactions or currency swap:

in lacs			
As at	No of Contracts	US Dollar Equivalent	INR Equivalent
31.03.2009	3	175.00	8,877.75
31.03.2008	2	316.00	12,542.04

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

- b) Foreign Currency exposure that are not hedged by financial instruments or forward contracts as at 31<sup>st</sup> march, 2009 amount to US Dollar 38.47 lacs (equivalent to Rs.1951.80 Lacs) (Previous year US Dollar 38.15 lacs equivalent to Rs.1514.14 Lacs)
- c) In respect of outstanding foreign exchange financial instruments which are stated in para 'a' above, there is a net loss of Rs.753.32 lacs as at 31<sup>st</sup> March 2009 which has been recognised in books on mark to market basis, considering the principles of prudence as enunciated in Accounting Standard 1 "Disclosure of Accounting Policies" notified in the Companies (Accounting Standards) Rule 2006 shown as Extraordinary item.

**9. Details of Dues to Micro Enterprises and Small Enterprises**

	<u>31st March, 2009</u>	Rupees In Lacs <u>31st March, 2008</u>
1) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of the accounting year (No amount is due for more than 45 days)	<b>9.38</b>	-
2) The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond appointed day during the accounting year.	<b>Nil</b>	Nil
3) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	<b>Nil</b>	Nil
4) The amount of interest accrued and remaining unpaid at the end of the accounting year.	<b>Nil</b>	Nil
5) The amount of further interest remaining due and payable even in the succeeding years. Until such date when the interest dues as above are actually paid to the small enterprise for the purpose of Disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	<b>Nil</b>	Nil

**10. Managerial Remuneration and Perquisites of :-**

	<u>Managing Director</u>		Rupees in Lacs <u>Other Whole-time Directors</u>	
	<u>2008-09</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-08</u>
Salary	<b>39.00</b>	32.80	<b>90.47</b>	75.01
Provident Fund	<b>4.32</b>	3.94	<b>10.08</b>	9.00
Benefits and Perquisites	<b>5.28</b>	9.04	<b>16.04</b>	22.96
Commission	-	-	-	-
	<b><u>48.60</u></b>	<u>45.78</u>	<b><u>116.59</u></b>	<u>106.97</u>

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

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

Rupees in Lacs

	<u>2008-2009</u>	<u>2007-2008</u>
Profit before taxation	1129.49	567.37
Add : Depreciation (As per Books)	2,939.33	2,180.04
Directors Remuneration	165.19	152.75
Directors' fees	5.50	5.88
Provision for doubtful debts (Net)	45.33	37.62
Loss on sale of fixed assets as per Books	2.42	10.82
	<u>4,287.26</u>	<u>2,954.48</u>
Less : Depreciation as per Section 349	2,939.33	2,180.04
Profit on sale of fixed assets as per Books	0.64	9.57
Loss on sale of fixed assets under section 349 (Net)	-	-
	<u>2,939.97</u>	<u>2,189.61</u>
Net Profit under section 198 of the Companies Act, 1956	<u>1347.29</u>	<u>764.87</u>
Commission payable @ 1% of above profit to CMD, Jt. MD & 2 Whole - time Directors each.	<u>-</u>	<u>-</u>

**11. Information in respect of :-**

a) Licensed capacity	N.A.	N.A.
b) Installed capacity		
Yarn Spinning (Ring Spindles)	1,33,588	1,18,904
Yarn Spinning (Air Jet Spindles)	576	576
Fabric Weaving (Looms)	206	165
Fabric Processing (Stenters)	4	4
	(25 Chambers)	(25 Chambers)
Garment (Pcs.)	Not Assessed	Not Assessed

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

<u>Goods Manufactured</u>	<u>Opening Stock</u>	<u>Production</u>	<u>Purchase/ Transfer</u>	<u>Sales/ Utilised</u>	<u>Closing Stock</u>
Yarn (Kgs.)	18,34,085 (10,48,559)	2,36,72,811 * (2,15,59,374)	3,81,576 (3,38,398)	2,41,77,691 (2,11,12,246)	17,10,781 (18,34,085)
Cloth (Mtrs.)	45,78,865 (43,74,884)	2,69,47,530 ** (2,10,39,912)	8,51,477 (5,01,268)	2,53,82,091 (2,13,37,199)	69,95,781 (45,78,865)
Garments/Made-ups (No. of Pcs.)	93,684 (86,102)	11,35,348 *** (8,36,148)	Nil (Nil)	10,66,076 (8,28,566)	162956 (93,684)
Waste (Kgs.)	1,26,937 (1,01,568)	11,68,655 (13,02,180)	Nil (Nil)	11,53,385 (12,76,811)	1,49,920 (1,26,937)
Power (Units)	Nil (Nil)	13,03,97,201 (8,92,47,029)	1,05,04,847 (1,86,51,914)	14,09,02,048 (10,78,98,943)	Nil (Nil)
* Excluding job spg. for others		Nil Kgs.		(Nil Kgs.)	
* Including job done by others		Nil Kgs.		(Nil Kgs.)	
** Including job woven by others		1,26,03,060 Mtrs.		(1,17,15,124 Mtrs.)	
** Excluding job weaving for others		3,969 Mtrs.		( Nil Mtrs.)	
** Excluding job processing for others		19,71,812 Mtrs.		(1534691 Mtrs.)	
*** Including job done by others		12580 Pcs.		(Nil Pcs.)	
*** Excluding job done for others		30,551 Pcs.		(23,378 Pcs.)	

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

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

	Opening Stock	Purchase/ Transfer	Consumption*	Sales/ Adjustments	Closing stock
Fibre (Kgs.)	21,24,499 (22,01,059)	2,47,48,096 (2,34,73,847)	2,44,27,394 (2,27,72,498)	2,00,782 (7,77,909)	22,44,419 (21,24,499)
Yarn (Kgs.)	5,08,414 (4,11,092)	76,77,664 (54,01,048)	75,38,867 (53,03,726)	Nil (Nil)	6,47,211 (5,08,414)
Cloth (Mtrs.)	91,268 (93,489)	18,08,898 (11,26,649)	17,14,427 (11,28,870)	Nil (Nil)	1,85,739 (91,268)

\* Includes material consumed out of internal transfers.

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

	2008-2009	Rupees In Lacs 2007-2008
(i) Raw Material	1,792.83	950.06
(ii) Dyes & Chemicals	167.52	41.61
(iii) Components & Spare Parts	399.62	384.24
(iv) Capital goods	1,563.66	3,656.64

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

	Rupees in Lacs		Percentage (%)	
(I) Raw Materials				
(i) Imported	1,691.29	(958.27)	7.08	(4.53)
(ii) Indigenous	22,200.89	(20,172.64)	92.92	(95.47)
	<u>23,892.18</u>	<u>(21,130.91)</u>	<u>100.00</u>	<u>(100.00)</u>
(II) Components & Spare Parts				
(i) Imported	456.81	(399.17)	26.74	(27.69)
(ii) Indigenous	1,251.49	(1,042.30)	73.26	(72.31)
	<u>1,708.30</u>	<u>(1,441.47)</u>	<u>100.00</u>	<u>(100.00)</u>

### (c) Dyes & Chemicals:-

	Rupees in Lacs		Percentage (%)	
(i) Imported	147.69	(51.40)	9.50	(4.73)
(ii) Indigenous	1,407.40	(1,034.70)	90.50	(95.27)
	<u>1,555.09</u>	<u>(1,086.10)</u>	<u>100.00</u>	<u>(100.00)</u>

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

(i) Dividend	Rs. 6.84 Lacs	(Rs. 6.67 Lacs)
(ii) Professional & Consultancy Charges	Rs. 2.69 Lacs	(Rs. 2.16 Lacs)
(iii) Others	Rs. 1,411.15 Lacs	(Rs. 1,118.44 Lacs)

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

Exports of Goods on FOB Basis	Rs. 30,980.71 Lacs	(Rs. 22,725.45 Lacs)
Other Realization	Rs. 398.45 Lacs	(Rs. 507.57 Lacs)

### 13. Previous years figures have been reworked, rearranged, regrouped and reclassified, wherever considered necessary and to make them comparable.

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

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I	Registration Details					
	Registration Number	L24302 RJ 1976 PLC 00 1684	State Code	17	Balance Sheet Date	31.03.2009
II	Capital raised during the year (Amount in Rupees Thousands)					
	Public Issue	Right Issue	Bonus Issue	Private Placement		
	NIL	NIL	NIL	NIL		
III	Position of mobilization and deployment of funds (Amount in Rupees Thousands)					
	Total Liabilities	48,15,353	Total Assets	48,15,353		
	<b>Sources of Funds:</b>					
	Paid-up Capital	1,48,114	Share Application Money	-		
	Reserves & Surplus	7,62,237	Deferred Tax Liability	2,19,293		
	Secured Loans	35,40,557	Unsecured Loans	1,45,152		
	<b>Application of Funds:</b>					
	Net Fixed Assets	33,08,956	Investments	66,329		
	Net Current Assets	14,40,068	Misc. Expenditure	-		
	Accumulated Losses	-				
IV	Performance of the Company (Amount in Rupees Thousands)					
	Turnover	55,89,543	Total Expenditure	54,76,594		
	Profit before tax	1,12,949	Profit after tax	95,912		
	Earning per share in Rs.	Basic : 7.29	Diluted :	7.29		
	Dividend per share in Rs.	1.80				
V	Generic Names of Three Principal Products/Services of Company.					
	Item Code No. (ITC code)	5509				
	Product Description	YARN SYNTHETIC STAPLE				
	Item Code No. (ITC code)	5513				
	Product Description	WOVEN FABRIC				
	Item Code No. (ITC code)	6203				
	Product Description	GARMENT				

Signature to Schedules 1 to 22 and Balance Sheet abstract.

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants

R.L.TOSHNIWAL  
Chairman & Managing Director

RAKESH MEHRA  
Wholetime Director

K.L. JHANWAR  
Partner  
M.No. 14080

Directors  
P. KUMAR  
S.B. AGARWAL  
VIJAY KUMAR AGARWAL  
VIJAY MEHTA  
R. SWAMINATHAN, Nominee - Exim Bank

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2009

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

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## Cash Flow Statement For The Year Ended 31st March, 2009, pursuant to the Listing Agreement with Stock Exchange, Mumbai.

	Rupees in Lacs	
	<u>2008-2009</u>	<u>2007-2008</u>
<b>A) Cash Flow From Operating Activities</b>		
Net Profit after tax as per P & L Account	959.12	442.32
Adjustment for		
Provision for Taxation and Deferred Tax Liabilities	170.37	125.04
Net profit before tax and extra ordinary items	<u>1,129.49</u>	<u>567.36</u>
Adjusted for		
Depreciation	2,939.33	2,180.04
Profit/Loss on sale of fixed assets (net)	1.78	1.26
Interest paid	3,323.38	2,373.08
Rent received	(3.81)	(2.56)
Dividend received	(0.40)	(0.20)
Extraordinary Items	753.32	0.00
Operating profit before working capital changes	<u>8143.09</u>	<u>4,551.62</u>
Adjusted for		
Increase in trade & other receivable	(1514.66)	(1,322.26)
Increase in inventories	(1430.73)	(2,464.16)
Increase in trade payable	<u>129.53</u>	<u>1,538.03</u>
Cash generated from operations	<u>5,327.23</u>	<u>2,870.59</u>
Net Tax Inflow / (-) Outflow	<u>22.62</u>	<u>(353.25)</u>
<b>Net cash from operating activities (A)</b>	<u>5,349.85</u>	<u>2,517.34</u>
<b>B) Cash Flow From Investing Activities</b>		
Decrease in capital work-in-progress	3,619.26	1521.00
Purchase of fixed assets	(7868.77)	(11,257.91)
Purchase of investment	0.00	(10.00)
Sale of fixed assets	5.85	28.67
Rent received	3.81	2.56
Dividend received	0.40	0.20
<b>Net cash used in investing activities (B)</b>	<u>(4,239.45)</u>	<u>(9,715.48)</u>
<b>C) Cash Flow From Financing Activities</b>		
Proceeds from issue of Share Capital	0.00	1.27
Proceeds from long term borrowings	1,827.37	9,015.22
Repayment of long term borrowings	(1,302.00)	(1,549.00)
Interest paid	(3,323.38)	(2,373.08)
Increase /(Decrease) in bank borrowings	1,672.71	2,700.61
Proceeds from unsecured loan	138.53	(219.87)
Dividend and tax thereon paid	(189.73)	(298.24)
<b>Net cash from financing activities (C)</b>	<u>(1,176.50)</u>	<u>7,276.91</u>
<b>Net increase/ (Decrease) in cash and cash equivalents (A+B+C)</b>	<u>(66.10)</u>	<u>78.77</u>
Opening balance of cash and cash equivalents	692.40	613.63
Closing balance of cash and cash equivalents	<u>626.30</u>	<u>692.40</u>

In terms of our Audit Report of even date:

For KALANI & COMPANY  
Chartered Accountants

R.L.TOSHNIWAL  
Chairman & Managing Director

RAKESH MEHRA  
Wholetime Director

K.L. JHANWAR  
Partner  
M.No. 14080

Directors  
P. KUMAR  
S.B. AGARWAL  
VIJAY KUMAR AGARWAL  
VIJAY MEHTA

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

R. SWAMINATHAN, Nominee - Exim Bank

Place : Mumbai  
Dated : 29<sup>th</sup> May, 2009

**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.**
**Compressor**

- i) Separate Air Line with PRVS in all departments and reduce Air pressure from 7 KG/SQCM to 3.5 KG/SQCM for cleaning purpose.
- ii) Reducing pressure drop of 0.8KG/Sq.cm by modification of Air Dryer Air Pipe Lines in all the units.

**Lighting**

- iii) Reduce 98 nos. Tube light fittings in department by rearrangement.

**Steam**

- iv) Conversion of electric heating by steam heating in RF Dryer at Dye house.

**Machines**

- i) Stopping 04 nos. Pneumafil motors in speed frame machines and save power 16 KW/Hrs..
- ii) Optimize pneumafil motors in CM-18 Carding machines.

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

Laying of steam and Air Pipe Lines with fittings replacement of old motors with new technology motors around Rs. 50 lacs.

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

Marginal

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

As per form 'A' enclosed.

**B. TECHNOLOGY ABSORPTION :**
**Efforts made in technology absorption.**

As per form 'B' enclosed.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

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

The information in respect of Foreign Exchange outgoing and earning is contained in item 12(B)(d) & (e) in Schedule 22 annexed to the Balance Sheet as at 31<sup>st</sup> March, 2009.

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

S.No.	Particulars	Current year 2008-09	Previous year 2007-08
1.	Electricity		
a)	Purchased Units	1,05,04,847	1,84,17,009
	Total Amount (Rs.)	5,19,03,460	8,53,20,547
	Rate/Unit	4.94	4.63
b)	Own generation		
i)	Through Coal based		
	Thermal Power Plant unit	11,30,28,300*	5,40,13,300
	Units per kg. of Coal	1.035	1.075
	Cost/Unit	3.92	3.28
ii)	Through Furnace Oil	1,73,10,903	3,37,89,345
	Generator Unit		
	Units per Kg. of Furnace oil	4.29	4.33
	Cost/Unit	4.12	4.34
iii)	Through Diesel Generator unit	57,998	12,09,479
	Units per Ltr. of Diesel oil	2.90	3.12
	Cost/Unit	12.87	9.61
2.	Coal Quantity (MT)	1,15,650	55,947
	Total cost (Rs.)	46,31,09,101	20,13,30,056
	Average rate/MT (Rs.)	4,004	3,599
3.	Lignite Quantity (MT)	9,377	8,291
	Total cost (Rs.)	2,99,71,649	1,93,57,072
	Average rate/MT (Rs.)	3,196	2,335
4.	Petcoke Quantity (MT)	5,764	-
	Total cost (Rs.)	2,87,62,594	-
	Average rate/MT (Rs.)	4,990	-
5.	LPG Quantity (MT)	465.32	502
	Total cost (Rs.)	1,91,19,936	1,83,33,322
	Average rate/MT (Rs.)	41,090	36,521
6.	Furnace oil Quantity (Kgs.)	41,61,699	83,37,940
	Total amount (Rs.)	7,31,25,255	15,27,68,504
	Average rate (Kg./Rs.)	17.57	18.32
7.	Diesel Quantity (Ltrs.)	87,815	5,43,788
	Total amount (Rs.)	29,10,755	1,64,52,656
	Average rate (Ltr./Rs.)	33.15	30.26
8.	Other/Internal generation	Not applicable	Not applicable

\* Including 4130790 KWH given to Carreman Fabrics India Ltd. for job weaving done for the company.

**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 2008-09

#### RESEARCH AND DEVELOPMENT (R & D)

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

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

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

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

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

As the result of the above facts, the products of the company are globally well accepted and products meeting international quality standards. The fabric sample can be tested in the company laboratory as per customers' requirement, there by saving time and cost. Earlier it used to go outside Testing Labs, taking extra time and cost.

During the year, the company purchased worsted spinning plant and other machines which are cheaper than other Indian/Imported machines. The delivery period for these machines from china was much lower in comparison.

##### 3. Future plans and action

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

The company is developing fire retardant fabric to be supplied for institutional bodies like Defense, Railway's, Airlines, Luxurious traveling coaches etc. During these developments, the laboratory is also being expanded for the testing with latest testing equipment for fire retardant fabrics.

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

#### 4. Expenditure on R & D

- Capital expenditure is approx. Rs. 157 lacs.
- Recurring - Normal running expenditure Rs. 113 lacs.
- Total Rs. 270 lacs.
- Total R & D expenditure as a percentage of total turnover is less than 1%.

#### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

The company has sent its technicians to various other weaving and finishing units within and outside India to understand the improvement in the respective areas. The company started cotton yarn dyeing in house, this is a new production activity for the company. The company hired the services of technician from abroad and upgraded the cotton yarn dyeing quality. For the wool dyeing also company installed RF Dryer and improved this machine to produce better quality end products. During the year the company started production of Jacquard fabric. It purchased computer software for developing the fabric designs. The in house testing laboratory was upgraded to the world's standard.

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

The company was depending on out side yarn Dyer for cotton yarn dyeing. The introduction of cotton yarn dyeing facility at Banswara, enabled Company to reduce the lead time. Now it can deliver its product to the customers by about 15 days. The cost of dyeing is comparatively less as the dye house at Banswara is consuming bleed steam from the captive Thermal Power Plant. During the fabric processing, company could get the same quality standard even by reducing some of the production process. The company also developed special yarn in house which are used for fabric designing. It is a part of our 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

Dated : 18<sup>th</sup> July, 2009

**R. L. TOSHNIWAL**

Chairman & Managing Director