BINAYAK TEX PROCESSORS LIMITED

384-M, 5th Floor, Dhabolkar Wadi, Kalbadevi Road, Mumbai – 400 002

BOARD OF DIRECTORS:

Pradip Kumar Pacheriwala
Chairman / Director
Heeradevi Pacheriwala
Director
Ashok Kumar Agarwal
Director

BANKERS:

Union Bank of India

REGISTRAR & TRANSFER AGENTS:

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai – 400 072.
Tel : 91 (022) 4043 0200 / 2847 0652.

STATUTORY AUDITOR:

Sunderlal Desai & Kanodia
Chartered Accountants
903, Arcadia, 195, NCPA Road,
Nariman Point, Mumbai – 400 021.

CORPORATE OFFICE:

384-M, Dhabolkarwadi, 5th Floor,.
Kalbadevi Road, Mumbai – 400 002.
Tel.: 91 (022) 4054 2222.
Fax : 91 (022) 2206 8385

WORKS & REGISTERED OFFICE:

Plot No. B-35, M.I.D.C., Dombivali,
Pin – 421 203. (Maharashta)
Tel : (95-251) 2470291 / 2472605

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BINAYAK TEX PROCESSORS LIMITED

384-M, 5th Floor, Dhabolkar Wadi, Kalbadevi Road, Mumbai – 400 002

DIRECTOR'S REPORT

To,
The Members of
BINAYAK TEX PROCESSORS LIMITED,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited statement of Accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Financial Year 2009-2010	Financial Year 2008-2009
Total Income	13438.63	11955.86
Profit Before Interest, Depreciation & Taxation.	944.59	1134.12
Profit / (Loss) Before Taxation	659.12	831.56
Less: Provision for Taxation (including deferred tax)	222.85	304.94
Less: Provision for wealth/fringe benefit tax	0.30	4.40
Profit / (Loss) after Taxation	435.97	522.22
Add: Earlier year Adjustment	1.81	25.23
Add: Balance brought forward from previous year	2449.96	2019.14
Profit Available for Appropriation	**2887.74**	**2566.60**
Less: Transfer to General Reserve	100.00	100.00
Less: Proposed Dividend	14.23	14.23
Less: Provision for Tax on Dividend	2.36	2.42
BALANCE CARRIED TO BALANCE SHEET	**2771.15**	**2449.96**

DIVIDEND

Considering the company's profit for the year, the Directors recommend for your approval, dividend @ 20% i.e. Rs. 2.00 per equity share of Rs. 10.00 each. The dividend will absorb a total of Rs. 16.59 lacs including Dividend Distribution Tax.

OPERATIONS

Your Company is growing at an impressive rate. During the year under review, the company showed a healthy performance by recording a growth of 12.40% in the top-line over the previous year despite global recession. The company earned a total income of Rs. 13438.63 lacs. The Profit before Interest, Depreciation, Tax and Adjustments (PBIDTA) stood at Rs. 944.59 lacs as compared to the last year's Rs. 1134.12 lacs. The company's Profit after Tax stood at Rs. 435.97 lacs as compared to previous year's Rs. 522.22 lacs. Profit has been decreased due to increase in Raw material & other overhead Cost.

FUTURE OUTLOOK

Your Company is enjoying a good reputation as a quality processor and exporter. With the anticipation of a boom in the retail sector, we are planning to consolidate our position. Your company further plans to expand its foothold in all the major parts of Country.

Besides, your company is planning a further value addition by foraying into garmenting. We are entering into the domestic Bed Sheet market. Inorganic growth through acquiring companies that have right strategic fit with us is the corner stone of the future growth plan of your company.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. Ashok Kumar Agarwal retires by rotation as the Director at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Your Directors recommend him re-appointment for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm:

- That in preparation of accounts for the period ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the year end of the financial year under review and of the profit for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended March 31, 2010 on a going concern basis.

SECRETARIAL COMPLIANCE REPORT

The Secretarial Compliance Report pursuant to the provisions to sub-section (1) of section 383A of the Companies Act, 1956 is enclosed and forms part of this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Pursuant to the provisions of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with section 217(1)(e) of the Companies Act, 1956, the necessary details are given hereunder:

c) Conservation of Energy

The company has taken various in-house measures to conserve the electricity and energy.

b) Technology absorption and innovation is a continuous process in the company.

c) Foreign Exchange Earnings

During the year, the company has incurred foreign currency expenditure on traveling stood at Rs. 11.61 Lacs. The total foreign exchange earnings for the year stood at Rs. 6667.78 lacs.

EMPLOYEES

None of the employees of the company is covered by the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

HUMAN RESOURCES

The relationship of your Company with its employees at all levels remained cordial throughout the year. Your directors wish to place on record their appreciation for the dedicated services of its employees.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956 and as such, no principal or interest amount was outstanding on the date of the Balance sheet.

CAPEX

During the year the company has incurred CAPEX of Rs. 157.07 Lakh due to this Gross block of Fixed Asset has been increased from Rs.1208.03 Lakh to Rs.1340.10 Lakh. Company will get full benefit in the coming year.

CORPORATE GOVERNANCE

Our Company has complied all the provisions as required by the listing agreement with the stock exchange corporate governance is not applicable to the company however management discussion of directors is annexed herewith.

AUDITORS

M/s. Sunderlal, Desai & Kanodia, Chartered Accountants, Mumbai, the Statutory Auditors of the company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. M/s. Sunderlal, Desai & Kanodia retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends re-appointment of M/s.

Sunderlal, Desai & Kanodia as Statutory Auditors to hold office till conclusion of next Annual General Meeting and to fix their remuneration. The Company has received letter from M/s. Sunderlal, Desai & Kanodia to the effect that their appointment/re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/ re-appointment within the meaning of Section 226 of the said Act.

AUDITOR'S NOTES TO THE ACCOUNTS

The observations made in the Auditor's report are self explanatory and therefore does not call for any further comment u/s 217 of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors wish to express their appreciation for the co-operation and assistance received from the bankers, concerned regulatory authorities including Reserve Bank Of India, The Securities and exchange Board of India, The Stock exchanges and/or other regulatory authorities and other Business constituents during the year under review. Your Director For and on behalf of the Board of Directors look forward to their continued in the future.

BIKAYAK TEX PROCESSORS LTD. (Mumbai)

Mumbai
Date: 06.09.2010

Pradeep Kumar Pacheriwala

Chairman

BINAYAK TEX PROCESSORS LIMITED
384-M, 5th Floor, Dhabolkar Wadi, Kalbadevi Road, Mumbai – 400 002

MANAGEMENT'S DISCUSSION & ANALYSIS

Financial Operations Overview

The following descriptions set forth information with respect to key components of our statement of operations.

Income

Sales: Our sales includes sale of cotton cloth processed by us. Our company is engaged in Textile Processing at our facilities located at M. I. D. C., Dombivali, and Maharashtra, INDIA. Majority of such products are exported to African Countries. In addition, we also undertake processing job work for our clients. Exports constitute about 54%, of our total sales and the rest is accounted by domestic sales of the processed cloth and the income received from job work.

Other income: Other income primarily consists of export incentives and interest earned.

Expenditure

Raw material Consumption: The raw materials used for the processing includes the Grey cloth, Dyes & Chemicals consumed in the processing activities. The cost of packing material consumed and other stores and spares items we consume are also included under this head.

Manufacturing expenses: Our manufacturing expenses consist of expenditures on power, fuel & water charges, Labour charges, Property taxes and rent. We also incur additional expenses in respect of repairs and maintenance, processing costs and other miscellaneous costs.

Personnel expenses (Staff Costs): Personnel expenses consist of salary and wage expenses, Contributions to Provident Fund & Employees' State Insurance, bonus and gratuity. It also includes the Directors' Remuneration.

Administrative, Selling & other expenses: The administrative, selling and other expenses include establishment and general expenses and expenses incurred on advertisement.

Financial expenses: Our financial expenses consist of borrowing costs being interest payable on bank loans and other bank charges.

Depreciation: Depreciation expense relates principally to the machinery installed for manufacturing purposes and the other administrative assets.

Taxation: We are subject to income tax liability pursuant to the Income Tax Act, 1961. Also, pursuant to this act, corporations are in some circumstances subject to a minimum tax liability based on book profits. We make provision for current tax as well as for deferred tax liability based on the effect of timing differences. The Government also has introduced a fringe benefit tax on various benefits and expenditures we are deemed to provide or incur towards our employees as part of our business, for which we have made provision with effect from the current fiscal.

Relationship between Different Items of Financial Statements:

In our financial statements, some of the items have either direct or inverse relationship with other items. The Cost of Raw Materials, Purchases and Other manufacturing Expenses, Stores and Spares and Personnel Expenses have direct relationship with Sales. However, the relationship varies in terms of proportion. The reason for the variance in the proportion is that the amount of sales includes not only the element of materials supplied, but also the service element which changes depending upon various factors such as the demand-supply dynamics at the time of supply, the competitive edge we enjoy in the quality of particular services provided, *etc*. There is a relationship between the financial expenses and the amounts borrowed by us. The amount of depreciation has a direct relation with the Fixed Assets and its composition. Taxation has a direct relationship with Profit before Tax, but the same may not be a proportionate relationship, as the incidence of taxation is subject to incentives, which may or may not have been charged to the Profit & Loss Account.

As a result of the various factors discussed above our results of operations may vary from period to period.

Comparison of performance for year 2009-10 vis-à-vis 2008-09

Operating Income

The total operating income of our company has increased by 10.71% from Rs. 11435.49 lacs in fiscal 2009 to Rs. 12660.30 lacs in fiscal 2010. The increase in the total revenues is attributable to the increase in the income received in the form of processing charges received by the company. The revenues from on-job processing activities have jumped from 3587.86 lacs to 3637.19 lacs, registering a growth of 1.37% despite slowdown in Textile market.

Other Income

The other income of our company has been increased by 49.57% from Rs. 520.37 lacs in fiscal 2009 to Rs. 778.33 lacs in fiscal 2010.

Finance Charges

The finance charges of our company are Interest charges, commission charges paid by our company. Interest charges are related to the debts, packing credit and Export Bills discounting of our company and Commission charges for discounting the Export bills of our company. The finance charges have shown a decrease of 10.90% from Rs. 250.27 lacs to Rs 222.99 lacs in the current fiscal.

Depreciation

The depreciation charge of our company has increased by 19.47% from Rs. 52.29 lacs fiscal 2009 to Rs. 62.47 lacs in fiscal 2010. This increase in the expense is due to the expansion in the facilities of the company.

Profits before Tax

The total expenditures increased by 11.24% whereas the total income has shown a growth of 9.05% during fiscal 2010. The profit before Tax of the Company has decreased by 20.74% to 659.12 lacs as compared to Rs. 831.57 lacs in the previous year.

Provision for Tax

During the current fiscal, due to increase in profit provision for current tax has increase by 19.23% from Rs.260.00 lacs in previous year to Rs.210.00 lacs in current year.

Profits after Tax

The Profits after tax of our company has decreased by 16.52% from Rs. 522.22 lacs in fiscal 2009 to Rs. 435.96 lacs in fiscal 2010.

Expenditure

The total expenditure of our company has increased by 11.24% to Rs. 12593.19 lacs in the year 2010 as compared to Rs. 11321.20 lacs in the year 2009.Despite slowdown market we were able to limit the same.

The total expenditure includes the finished purchases by our company, Raw Material Consumption (Grey Fabric), Manufacturing Expenses, Employee's Remuneration, Administrative & Selling charges, Finance charges and Depreciation.

Finished Purchases and Raw Material Consumption

The Finished purchases have increased by 44.20% from Rs. 787.66 lacs in fiscal 2009 to Rs. 1135.82 lacs in fiscal 2010 whereas the Raw Material Consumption has also increased by 13.48% to Rs. 8118.70 lacs in fiscal 2010 over Rs. 7154.55 lacs in fiscal 2009, our company is trying to utilize maximum in-house manufacturing and processing facilities there fore our company has recently expanded its facilities to support the sales of our company.

Manufacturing Expenses

The manufacturing expenses have increased by 2.38% over the previous year. Only the increase in the manufacturing costs is very marginal as compared to the increase in the sales of our company. By utilizing the company's in-house processing facilities, which are highly cost-effective, the company has reduced its dependence on getting the process job done from outside agencies. The company has also started providing the processing services to outsiders.

Employees' remuneration & Benefits

The remuneration & benefits to employees of our company has increased substantially by 7.37% to Rs. 222.53 lacs during the current fiscal as compared to Rs. 207.26 lacs in fiscal 2009. This substantial increase in the employees' expenses is attributable to the increase in the production facilities and thereby increases in the number of employees and their related expenses.

Administrative, Selling and Other expenses

The Administrative, Selling and Other expenses of our company have decreased by 18.30% from Rs. 516.91 Lacs in fiscal 2009 to Rs. 422.32 lacs in fiscal 2010. This includes the expenses on Conveyance & Traveling, Freight & Forwarding, Insurance, Donations, Auditors remuneration, Brokerage & Commission, Advertisement & Publicity and Other Miscellaneous expenses of our company. The expenses are incurred for increasing the sales and other administrative purposes of the Company.

SUNDARLAL, DESAI & KANODIA
CHARTERED ACCOUNTANTS
903, Arcadia, 195, NCPA Road,
Nariman Point, Mumbai 400 021.

AUDITORS' REPORT

To,
The Members of **BINAYAK TEX PROCESSORS LIMITED.**

We have audited the attached Balance sheet of **BINAYAK TEX PROCESSORS LIMITED** as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

A. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

B. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination or those books.

C. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

D. In our opinion the Balance Sheet and the Profit and Loss Account and the 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 ***subject to note no. 7 on schedule 21 regarding non provision of gratuity liability and leave salary as per AS 15.***

E. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SUNDARLAL, DESAI & KANODIA
MUMBAI
CHARTERED ACCOUNTANTS

SUNDARLAL, DESAI & KANODIA
CHARTERED ACCOUNTANTS
903, Arcadia, 195, NCPA Road,
Nariman Point, Mumbai 400 021.

F. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Significant Accounting Policies and ***subject to note no. 7 on schedule 21 regarding non provision of gratuity liability and leave salary as per Accounting Standard 15 on "Employee Benefits"*** and other notes thereon 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 ;

i) In the case of Balance sheet of the state of affairs of the company as at 31st March, 2010 and

ii) In the case of Profit and Loss account of the profit of the company for the year ended on that day.

iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR: **SUNDARLAL, DESAI & KANODIA**
CHARTERED ACCOUNTANTS
Registration Number – 110560W

PLACE : MUMBAI

DATE : – 6 SEP 2010

PARTNER

MUKUL B. DESAI
B. Com. F.C.A.
M. No. 33978

SUNDARLAL DESAI & KANODIA MUMBAI CHARTERED ACCOUNTANTS