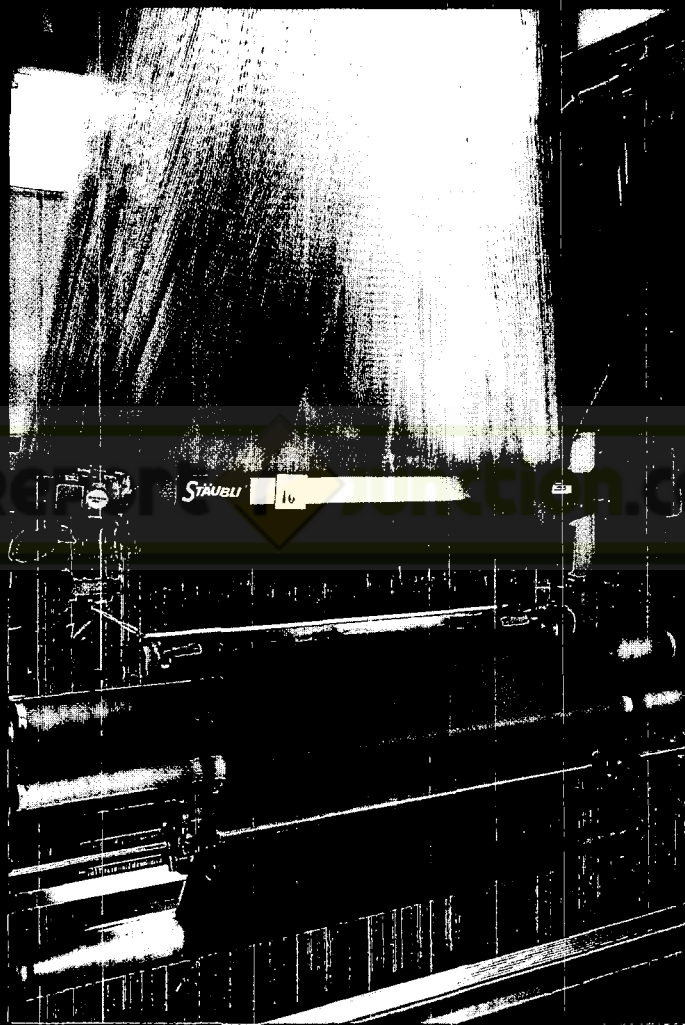




BSL Limited



Innovations in textiles

Annual Report 2007-2008



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

LNJ Bhilwara Group Companies



Group Brands





CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Directors' Report	4-7
Annexure to the Directors' Report	8
Report on Corporate Governance	9-15
Auditors' Report	16-17
Balance Sheet	18
Profit & Loss Account	19
Schedules	20-35
Cash Flow Statement	36
Balance Sheet Abstract	37
Statistics	38-40

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

A. K. Churiwal	Chairman & Managing Director
Ravi Jhunjhunwala	
Shekhar Agarwal	
R.P. Khaitan	
B. D. Mundhra	
Sushil Kumar Churiwala	
Sushil Jhunjhunwala	
R. N. Gupta	
Riju Jhunjhunwala	
Nivedan Churiwal	Executive Director

CFO & COMPANY SECRETARY

Praveen Jain

KEY EXECUTIVE

M. C. Maheshwari	Vice - President (Export)
S. Sen Gupta	Vice - President (Spinning)
V.B. Arora	Vice - President (Marketing)
S. Biyani	Vice - President (Operations)

BANKERS

State Bank of India
 Oriental Bank of Commerce
 The Bank of Rajasthan Ltd.
 Union Bank of India
 IDBI Bank Ltd.

AUDITORS

M/s A. L. Chechani & Co.
 Chartered Accountants, Bhilwara

REGISTERED OFFICE

26, Industrial Area, Post Box No. 17,
 Gandhi Nagar, Bhilwara - 311 001 (Rajasthan)

WORKS

Mandpam, Dist. Bhilwara - 311 001 (Rajasthan)

WIND ENERGY PLANT

Village Gorera, Jaisalmer - 345.001 (Rajasthan)

FINANCIAL HIGHLIGHTS

(Rs. in Crore)

PARTICULARS	2005-2006	2006-2007	2007-2008
Turnover	173.35	182.09	178.88
Exports	93.44	102.14	103.37
P B I D T	17.73	16.80	13.91
Interest	6.94	8.45	12.81
Depreciation	8.59	7.58	9.96
Taxation	0.34	1.17	(2.31)
PAT	1.86	(0.40)	(6.55)
Gross Block	160.50	202.41	205.41
Less : Depreciation	98.30	106.35	115.91
Net Block	62.20	96.06	89.51
Net Worth	47.51	46.68	40.12

MANAGEMENT DISCUSSION AND ANALYSIS

(1) INDUSTRY STRUCTURE AND DEVELOPMENTS :

The financial year 2007-08 was again a bad year for Textile Industry as a whole. There were many unforeseen movements taken place in the market, one of which is strengthening of Rupee against US Dollar which have affected badly, the top line as well as bottom line of the Company.

The Domestic market was again not up to the level due to both external and internal factors. There was fierce competition from unbranded sector. The demand front in domestic market was also lower due to increasing trend of retail consumers towards Readymade Garments.

Company's continued focus on institutional and converter buyers have given fruitful results. Company is deeply focusing on this segment to increase the volumes of domestic market. In Exports, Company have increased its per meter price and is focusing more on new markets and to increase the volumes of existing markets.

Last year, Company had installed 8 looms for Silk Weaving mainly for upper end segment of Export Market and have procured good orders in very First year of its operation. It is expected that good orders from premium customers will be received in future due to acceptance of its quality.

(2) OPPORTUNITIES, THREATS & OUTLOOK :

With the entry of Company in Silk sector, the higher value products will add to the bottom line of the Company. Company will encash all the opportunities available in the domestic market to increase its turnover and profits.

In the Export Sector, due to continuous strengthening of Rupee vis-à-vis Dollar during the year, Company's profitability have been affected. However Company have increased its per unit price and due to improvement in Rupee-USD rates, it is expected that Company's bottom line will be improved during financial year 2008-09.

(3) PERFORMANCE :

The product wise performance during the year is as under :

	This year		Previous year	
	Qty.	Value (Rs. Crore)	Qty.	Value (Rs. Crore)
Fabrics (Lac Mtrs.)	172.66	168.72	182.15	174.00
Yarn (Tons)	385.49	6.63	207.78	4.95
Readymade Garments (No. of pcs)	34947	1.31	35387	1.15
Wind Power (Lac units)	35.07	1.25	33.58	1.18
Others		0.97		0.81
		178.88		182.09

The Profitability of the Company is as under :-

(Rs. in Crore)		
Particulars	2007-08	2006-07
i) PBDIT	13.91	16.80
ii) PBDT	1.10	8.35
iii) PBT	(8.86)	0.77

Exports turnover during the year have been affected due to appreciation of Rupee Vis-à-vis US\$, whereas Domestic sale was affected due to sluggish market conditions and Fierce competition from unorganized sector. The profitability of the Company has also affected due to Rupee Appreciation against US Dollar.

(4) RISKS & CONCERNS :

The Company is having the risks of market fluctuations of foreign exchange, Government policies, interest rates, raw material prices, tax rates and several other external and internal factors.

FOREIGN EXCHANGE RISK

The Company's policy is to hedge in a systematic manner its Exports & Imports on a regular basis by keeping constant watch over the rates.

INTEREST RATE RISK

The Company's policy is to borrow long term borrowings in Indian Rupees to avoid any rate variation risks. The short term borrowings are some times availed in foreign exchange at Fixed rate of interest.

RAW MATERIAL PRICES RISK

The Company is exposed to the risk of raw material prices of Polyester, Viscose, Silk and Wool. The Company manage this risk by way of inventory management, vendor selection process and forward booking.

OTHER RISKS

The Company is also exposed to other risks like various Government policies, and certain operating business risks which are managed by regular monitoring and timely actions.

(5) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

The Company has adequate internal control systems to safeguard the Company's assets from any loss or damage, to control cost, prevent revenue loss and required financial and accounting controls and to effectively implement the applicable accounting standards. All significant audit observations and follow-up actions thereon are reported to the Audit Committee of Board of Directors. Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

(6) HUMAN RESOURCES AND INDUSTRIAL RELATION :-

During the year, various HR measures were taken to make the HR policies upto the required business needs. The Company has strong dedicated force of employees and they have shown commitment, competence and dedication in all areas of business. The appraisal systems based on KRAs are in place for senior management staff. For workers, technical and safety training programs are given periodically. Industrial Relations remained cordial in the plant throughout the year.

(7) CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's objectives, estimates etc. may be "Forward Looking Statements" within the applicable laws and regulations. Actual results may vary from these expressed or implied. Several factors that may effect Company's operations include Raw material prices, Government policies, cyclical demand and pricing in the Company's main markets and economic developments within India and countries in which the Company conducts its business and several other factors. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in the future.

DIRECTORS' REPORT

To The Members,

The Board of Directors have pleasure to present the 37th Annual Report and Statement of Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS (Rs. in Crore)

Particulars	This Year	Previous Year
Total Turnover		
a) Domestic	75.51	79.95
b) Exports	103.37	178.88
Profit before interest and Depreciation	13.91	16.80
Less : Interest (Net)	12.81	8.45
Profit before Depreciation	1.10	8.35
Less : Depreciation	9.96	7.58
Profit before Income Tax	(8.86)	0.77
Provision for Income Tax	-	0.08
Provision for Deferred Tax	(2.51)	0.87
Provision for Fringe Benefit Tax	0.20	0.22
Profit after Tax	(6.55)	(0.40)

2. OPERATIONS

The division wise performance is as under :

Particulars	This Year Qty.	This Year Value	Previous Year Qty.	Previous Year Value
a) Fabric (Lac Mtrs.)				
Domestic	66.93	68.46	74.23	73.90
Exports	105.73	100.26	107.92	100.10
Total	172.66	168.72	182.15	174.00
b) Yarn (Tonnes)				
Domestic	238.94	4.23	85.18	2.92
Exports	146.55	2.40	122.60	2.03
Total	385.49	6.63	207.78	4.95
c) Readymade Garments				
Domestic (No. of Pcs.)	34947	1.03	35387	0.64
Exports		0.28		0.51
Total		1.31		1.15

(Rs. in Crore)

Particulars	This Year Qty.	This Year Value	Previous Year Qty.	Previous Year Value
d) Wind Power				
Generation (Lac Units)	35.07	1.25	33.58	1.18
e) Others		0.97		0.81
		178.88		182.09

3. EXPORTS

The Company's Export turnover during the year was Rs.103.37 Crore. The Exports activities have been affected due to appreciation of Rupee against US Dollar resulting into major losses for the Company. Company have increased its prices during the year from 3rd Quarter onwards. This has resulted into lowering of losses in Exports.

4. SILK WEAVING AND SYNTHETIC SPINNING PROJECTS

During the year under review both the projects have commenced their full commercial production. The Company's profitability will be improved in coming years due to above new ventures.

5. OUTLOOK FOR COMPANY'S ACTIVITIES

Company is focusing more on Export markets by increasing the prices and developing new products. Domestic market is also being explored into new areas and at institutional levels.

6. WIND POWER PROJECT

Company's Wind Power Project at Jaisalmer had generated 35.07 Lac units during the year.

7. DIVIDEND

The Board of Directors have not recommended any dividend during the year.

8. AUDIT COMMITTEE

As mentioned in the last year's Directors' Report, Audit committee is covering all the areas as provided for in the Companies Act, 1956 as amended and as mentioned in Clause 49 of the Listing Agreement and also any matter referred to it by the Board. During the year, Shri Sushil Jhunjhunwala was co-opted as additional member of the Committee. The Reconstituted Audit Committee is as under :-

- Shri R. N. Gupta, Chairman
- Shri R. P. Khaitan, Member
- Shri Riju Jhunjhunwala, Member
- Shri Sushil Jhunjhunwala, Member

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors Confirm :-

- That in the preparation of the Annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;

DIRECTORS' REPORT

- ii) That they 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 at the end of the financial year and of the profit or loss of the company for that period;
- iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That they have prepared the Annual Accounts on a going concern basis.

10. PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

a) Energy Conservation, Technology Absorption, Foreign Exchange Earning & Outgo

As required by Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, the relevant data pertaining to conservation of energy and technology absorption and foreign exchange earnings and outgo are given in **Annexure-I** of this report.

b) Particulars of Employees

There was no employee who was in receipt of remuneration in excess of ceiling prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

11. INTERNAL CONTROL SYSTEMS

The company has adequate Internal Control Systems through Internal and Management Audit of all the units of the Company regularly conducted by independent auditors.

12. HUMAN RESOURCE DEVELOPMENT

Company's relations with the employees and workers at all levels have been cordial. Company has a full fledged HRD department at its works. Regular orientation and development courses for various disciplines are conducted by in-house as well as outside experts. The company endeavors to care for all its employees by providing medical and welfare facilities way beyond its statutory requirements.

13. DIRECTORS

Shri Sushil Jhunjhunwala and Shri Shekhar Agarwal retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Shri B.D. Mundhra retire by rotation at the ensuing Annual General Meeting.

14. AUDITORS

M/s A.L.Chechani & Co. will cease to hold office as Auditors of the Company in the ensuing Annual General Meeting, and are eligible for re-appointment.

15. APPRECIATION

The Board records its grateful appreciation for the sincere co-operation and valuable guidance from Financial Institutions, Banks and Central and State Government Authorities.

For and on behalf of the Board

Place : Noida
Date : 30th April, 2008

(A. K. CHURIWAL)
Chairman & Managing Director



निदेशकों का प्रतिवेदन

सदस्यगण,

निदेशक मंडल आपके समक्ष 37 वीं वार्षिक रिपोर्ट एवं 31 मार्च 2008 को समाप्त हुए वर्ष का लेखा विवरण सहर्ष प्रस्तुत कर रहे हैं।

1. वित्तीय परिणाम

(रुपये करोड़ में)				
मद	इस वर्ष		गत वर्ष	
	परिमाण	मूल्य	परिमाण	मूल्य
कुल बिक्री - घरेलू	75.51		79.95	
निर्यात	103.37	178.88	102.14	182.09
ब्याज व मूल्यहास पूर्व लाभ	13.91		16.80	
घटाया: शुद्ध ब्याज	12.81		8.45	
मूल्यहास पूर्व लाभ	1.10		8.35	
घटाया: मूल्यहास	9.96		7.58	
आयकर पूर्व लाभ	(8.86)		0.77	
आयकर हेतु प्रावधान	—		0.08	
विलम्बित कर हेतु प्रावधान	(2.51)		0.87	
अनुषंगी हितलाभ कर हेतु प्रावधान	0.20		0.22	
कर पश्चात् लाभ	(6.55)		(0.40)	

2. संचालन

विभागानुसार विक्रय की स्थिति इस प्रकार है:-

मूल्य (रुपये करोड़ में)				
मद	इस वर्ष		गत वर्ष	
	परिमाण	मूल्य	परिमाण	मूल्य
(अ) वस्त्र (लाख मीटर में)				
घरेलू	66.93	68.46	74.23	73.90
निर्यात	105.73	100.26	107.92	100.10
कुल	172.66	168.72	182.15	174.00
(ब) धागा (टनों में)				
घरेलू	238.94	4.23	85.18	2.92
निर्यात	146.55	2.40	122.60	2.03
कुल	385.49	6.63	207.78	4.95

मूल्य (रुपये करोड़ में)

मद	इस वर्ष		गत वर्ष	
	परिमाण	मूल्य	परिमाण	मूल्य
(स) पोशाक				
घरेलू (संख्या)	34947	1.03	35387	0.64
निर्यात		0.28		0.51
कुल		1.31		1.15
(द) पवन ऊर्जा				
ऊर्जा उत्पादन (लाख ईकाई)	35.07	1.25	33.58	1.18
(य) अन्य		0.97		0.81
		178.88		182.09

3. निर्यात

कम्पनी का इस वर्ष रु. 103.37 करोड़ का निर्यात रहा। कम्पनी की निर्यात गतिविधियां यू.एस. डालर के विरुद्ध रुपये के मूल्य पुनर्मूल्यन के कारण काफी प्रभावित रही। परिणाम स्वरूप कम्पनी को काफी हानि हुई। कम्पनी द्वारा तृतीय तिमाही से मूल्य वृद्धि की गई है, जिससे निर्यात में हानि अपेक्षाकृत कम हुई है।

4. सिल्क बुनाई एवं सिन्थेटिक स्पिनिंग परियोजना

इस वर्ष के दौरान इन दोनों परियोजना का व्यवसायिक उत्पादन पूर्ण रूप से प्रारम्भ हो गया है। कम्पनी की इन दोनों परियोजनाओं से आने वाले वर्षों में लाभदायकता में निश्चित रूप से वृद्धि होगी।

5. कम्पनी की गतिविधियों पर दृष्टिकोण

मूल्य वृद्धि एवं नये उत्पादों के विकास के साथ कम्पनी निर्यात बाजार पर ध्यान केन्द्रित कर रही है। घरेलू बाजार भी नये क्षेत्रों एवं संस्थागत स्तर पर अधिक प्रयास किया जा रहा है।

6. पवन ऊर्जा परियोजना

इस वर्ष कम्पनी के जैसेलमेर स्थित पवन ऊर्जा उत्पादक संयंत्र का उत्पादन 35.07 लाख यूनिट रहा है।

7. लाभांश

निदेशक मंडल इस वर्ष लाभांश घोषित करने की अनुशंसा नहीं करता है।

**BSL LIMITED****NOTICE****BSL LIMITED**

Registered Office : 26, Industrial Area, Gandhi Nagar, Bhilwara - 311 001 (Rajasthan)

NOTICE is hereby given that the 37th Annual General Meeting of the members of BSL LIMITED will be held on Friday, 12th September, 2008 at 10.30 A.M. at Registered Office of the Company at 26, Industrial Area, Gandhi Nagar, Bhilwara - 311 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet and the Profit & Loss Account for the year ended 31st March, 2008 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sushil Jhunjhunwala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shekhar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
For **BSL Limited**

Place : Bhilwara
Date : 10th July, 2008

(**PRAVEEN JAIN**)
CFO & Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, must be received by Company at the Registered Office of the Company not less than 48 hours before the meeting.
2. The relevant details in respect of items No. 2 and 3 pursuant to clause 49 of the Listing Agreement are annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September, 2008 to 12th September, 2008 (both days inclusive).
4. Members are requested to :
 - i) Quote their Identification number/ folio number in all correspondence with the Company/ Registrar & Share Transfer Agent.
 - ii) Notify immediately and change in their address and their mandate, at the Registered Office of the Company / Registrar & Transfer Agent.
5. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 2000 have been transferred to the Investor Education and Protection Fund of the Central Government. Those shareholders who have so far not claimed or collected their dividend for the said period may claim their dividend directly from the Registrar of Companies, Rajasthan by submitting an application in the prescribed form.

Members are hereby informed that all dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Section 205C of the Companies Act, 1956. Accordingly, the shareholders who have not encashed the dividend warrants so far from the financial year 2000-2001 onwards are requested to make their claims to the company.

6. The members desirous of appointing their nominee for the shares held by them may apply in the revised nomination form (Form 2B) in duplicate.
7. As per SEBI Guidelines, Company has appointed M/s MCS LIMITED Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase- II, New Delhi as its Registrar & Share Transfer Agent.

By order of the Board
For **BSL Limited**

Place : Bhilwara
Date : 10th July, 2008

(**PRAVEEN JAIN**)
CFO & Company Secretary

ANNEXURE TO NOTICE**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT/
APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING**

(In pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri Sushil Jhunjhunwala	Shri Shekhar Agarwal
Date of Birth	23rd August, 1950	9th October, 1952
Date of Appointment	19th December, 2000	23rd May, 2002
Qualification	B.Com.	B.Tech (ME), M.Sc. (Chicago)
Expertise in specific functional area	Industrialist with rich experience.	Industrialist with over 27 years of experience of Textile Industry.
List of Public Companies in which Directorships held	1. La Opala RG Limited. 2. Genesis Exports Limited.	1. HEG Ltd. 2. RSWM Ltd. 3. Maral Overseas Ltd. 4. Bhilwara Spinners Ltd. 5. Essay Marketing Co.Ltd. 6. Bhilwara Infotech Ltd.
Chairman/ Member of the Committees of Board of Directors of the Company	1. Remuneration Committee. 2. Share Transfer Committee 3. Audit Committee.	—
Chairman/ Member of the Committees of Directors of other Companies a) Audit Committee b) Shareholders/Investors Grievance Committee	— —	1. Bhilwara Spinners Ltd. - Member 1. Bhilwara Spinners Ltd. - Chairman 2. Maral Overseas Ltd. - Member 3. RSWM Ltd. - Member