



BSL Limited
Annual Report 2011-12



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Arun Churiwal	Chairman & Managing Director
Ravi Jhunjhunwala	Director
Shekhar Agarwal	Director
Salil Bhandari	Director
Sushil Jhunjhunwala	Director
A. N. Choudhary	Director
M. K. Doogar	Director (w.e.f. 4 th May, 2012)
Nivedan Churiwal	Executive Director

ADVISOR

R. N. Gupta

BUSINESS HEAD

J. C. Soni

CFO & COMPANY SECRETARY

Praveen Jain

KEY EXECUTIVES

M. C. Maheshwari	Vice President (Export Marketing)
S. Sen Gupta	Vice President (Spinning)
A. K. Mehta	Vice President (Processing & Silk)
Manoj Gupta	Vice President (Weaving)

BANKERS

State Bank of India
Oriental Bank of Commerce
IDBI Bank Ltd.
Union Bank of India
State Bank of Bikaner & Jaipur

AUDITORS

M/s A. L. Chechani & Co.

REGISTERED OFFICE

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

WORKS

Mandpam, Distt. Bhilwara - 311 001 (Rajasthan)

WIND ENERGY PLANT

Village Gorera, Jaisalmer - 345 001 (Rajasthan)

FINANCIAL HIGHLIGHTS

BSL LIMITED

(₹ in Crore)

PARTICULARS	2009-10	2010-11	2011-12
Turnover	218.02	271.78	305.53
Exports	122.91	155.83	169.43
PBIDT	29.99	35.53	32.99
Financial Expenses	11.47	13.32	18.60
PBDT	18.52	22.21	14.39
Depreciation & Amortisation Expense	12.38	12.70	13.75
PBT	6.14	9.51	0.64
Taxation	2.35	3.85	0.51
PAT	3.79	5.66	0.13
Gross Block	257.27	281.77	298.15
Less : Depreciation	160.17	168.85	180.30
Net Block	97.10	112.92	117.85
Net Worth	59.29	63.15	61.77

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW :

The Textile industry is one of the major sectors of Indian economy and largely contributes in the growth of the country's industrial sector. Textiles sector contributes to 14 percent of industrial production, 4 percent of National GDP and 10.63 percent of country's export earnings. The opening up of the sector through liberalisation policies set up by the Indian Government have given the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world. Textile sector in India provides direct employment to over 35 million people and holds the second position after the agriculture sector in providing employment to the masses.

Growing at a rapid pace, the Indian Market is being flocked by foreign investors exploring investment avenues and with an increasing trend in the demand for the textile products in the country, a number of new companies and joint ventures are being set up in the country to capture new opportunities in the market.

GOVERNMENT INITIATIVES :

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. This also includes the various incentives under Focus Market Scheme and Focus Product Scheme; broad basing the coverage of Market Linked Focus Product Scheme for textile products and extension of Market Linked Focus Product Scheme etc. to increase the Indian shares in the global trade of textiles and clothing.

BUSINESS OPERATIONS :

Financial Year 2011-12 was a challenging year. The global economy, barely a year after recession, witnessed lower economic growth. The global events had negative impact on the demand. Despite the challenging environment, BSL Limited performed well & grew its turnover from 270.92 Crore to 303.63 Crore which reflects a growth of 12.07%.

PERFORMANCE, 2011-12 :

- Implemented various energy-saving initiatives.
- Increased domestic focus yielded higher realizations.
- Introduced new, high-value fabric collections in the market.
- Appointed designer from Italy for helping in introducing new designs for all segment & quality improvement.
- The Company has installed 20 Toyota Airjet Weaving Machines imported from Japan. The Machines have started commercial production from 1st January, 2012. The installation of these looms will increase own production resulting lower dependence on outside job weaving with improved quality.

STRATEGIES :

- Continuous upgradation of manufacturing technology and ability to provide complete range of products.
- Product development will be key, the team will invest in developing new fabrics.

- Strengthen the distribution network to penetrate deeper.
- The Company expects to increase its yarn making capacity, generating significant economies of scale & protecting margins.
- Company is focusing more on exploring new markets and enhancing the volumes in existing markets. The Company is also exploring new markets for Vortex yarn.

PRODUCT & PERFORMANCE :

BSL is one of the leading manufacturers of Fashion Fabrics and Yarns in India. The Company produces a wide range of polyester viscose fabrics and premium range of Worsted suitings, including Cashmere, Mohair, Angora and Camelhair blends.

- The Company uses the finest Australian Merino Worsted for making woollen fabrics & the Low Pill Trevira polyester for making wool blends, which are imported from Australia and Germany. To produce special fabrics, the Company uses Silk imported from China.

The Product wise performance during the year is as under :

(₹ In Crore)

Particulars		This Year		Previous Year	
		Qty.	Value	Qty.	Value
a)	Fabrics (Lac Mtrs.)	155.80	232.40	177.78	224.73
b)	Yarn (MT)	2892.15	56.54	1585.53	31.47
c)	Readymade Garments (No. of Pcs.)	34318	0.91	40376	1.34
d)	Wind Power (Lac Units)	30.59	1.18	30.94	1.17
e)	Job Work		11.65		11.19
f)	Export Incentives		2.85		1.88
	Grand Total		305.53		271.78

QUALITY :

QUALITY CONSCIOUSNESS

The quality standards at BSL set the benchmark in textiles industry both in India and abroad. Quality consciousness is not limited merely to the department of quality control; it stretches over every product and the entire manufacturing process.

Only after the material fulfills the standard specifications, it is allowed to proceed to the production line.

CSIRO- FAST QUALITY CONTROL

- Fabric Assurance by Simple Testing - BSL is one of the few companies to use this latest Australian test- to ensure that the fabric is a truly world class product.
- Simple Finishing processes modify the surface of the fabric, which in turn influences the appearance and handle.
- Fabric assurance by Simple Testing gives information to the apparel manufacturers for improvising and taking corrective actions in various processes of garment making.

ENVIRONMENT :

ENVIRONMENTAL SAFETY

- BSL is an extremely eco-conscious organization. It has undertaken extensive process of greening the barren land around the plant and recycles over 70% of the water used in the plant.
- The company ensures that only Azo-free dyes are used in the dyeing processes. The company stringently adheres to all pollution controlling norms and procedures.

CONTRIBUTING TOWARDS SOCIETY

- The Company firmly believes that true development can take place only if we can contribute to the society.
- The Company is in the process of implementing various schemes, which will help the people of the region to upgrade their vocational skills.

SWOT :

STRENGTHS

Our commitment to quality through technology and human ingenuity, has earned BSL numerous laurels and awards like ISO 9002 quality certification besides the National Certificate of Merit for outstanding export performance & Best Exporter award from Govt. of Rajasthan.

However, apart from it there are few other important factors which contributes to its strength like:

- Huge Domestic Market consumption (due to its own population).
- Tremendous Export Potential (Indian fabrics in great demand around the world).
- The new age creative and risk taking entrepreneurs.
- Use of latest technology which produces high quality multi-fiber raw material.
- Supportive government policies.

WEAKNESS

- The increased global competition due to WTO policies.
- Inefficient supply chain management.
- Additionally, this sector is still unorganized at many levels and needs a lot of government reforms for further improvisation.

OPPORTUNITIES

Due to recession in the overseas markets and lower demand of the products, 2011-12 was not the brighter year for BSL Limited. But despite of that company have the positive bottom line with increased turnover both in the Domestic as well as export market. Looking to the export market scenario & government policies, BSL expects the forthcoming years will be far better.

Further, The Company has already updated its technologies & introducing new designs in the market looking to the customer needs and expects to capitalize the opportunities.

THREATS

After the Global recession, the world economies are now coming out of the recession but the business environment is very challenging, as customers are cutting down on inventory level & making pricing competitive. Highly fluctuating Rupee value, Raw Material Prices of Polyester, Viscose & Wool are putting continuous challenges.

The outlook for textile industry is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate.

CODE OF CONDUCT :

BSL LIMITED is committed to maintain sound standards of Business Conduct as framed in terms of Clause 49 of the listing agreement with the stock exchanges. The Code is applicable to all the members of senior management of the Company who are members of its core management team.

RISK MANAGEMENT :

The Company continuously monitors and revisits the risks associated with its business. It has institutionalized the procedure for identifying, minimizing and mitigating risks and the same are reviewed periodically.

The Company has identified the following aspects as the major risks for its Operations :-

1. COMPETITOR RISK

The market is highly competitive with no fiscal barriers and entry of large MNCs into the country with inorganic growth strategies. The Company continues to focus on increasing its market share and taking marketing initiatives that help create differentiation and provide optimum service to its customers.

2. FINANCIAL

Inflation continues to remain untamed, forcing the government to take monetary, fiscal and policy measures to tackle the challenge. These could enhance cost of borrowings for the Company.

3. FOREIGN EXCHANGE RISK

The Company's policy is to hedge all long term foreign exchange risk as well as short term exposures within the defined parameters. The long term foreign exchange liability is hedged and hedging reserve is maintained as per requirement of AS-30.

4. COMPLIANCE

The level of compliance is increasing by the day. The Company monitors its compliance mechanism so as to ensure that instances of non-compliance do not occur.

5. RAW MATERIAL PRICE RISK

The Company is exposed to the risk of raw material prices of Polyester, Viscose, P/V blended yarn, Silk and Wool. The Company hedges this risk by purchasing the required raw material at the time of booking of sales contracts. Also this risk is being managed by way of inventory management and forward booking.

RESEARCH & DEVELOPMENT :

Development of new designs, blends, yarns and experimenting with the latest finishing & chemical treatment, is imperative for growth of any textile company. For BSL, these are central to all its production activities.

- BSL has formed tie-ups with eminent research institutions and technical colleges for its continuous R & D initiatives.
- BSL is also developing specialised fabrics for defence forces.
- Our product development professionals work in close cooperation with global innovators like Lenzing of Austria, Dupont and Kurray of Japan, for keeping in step with the emerging trends.
- Our designers constantly participate in trade fair and exhibitions to explore newer avenues for increasing the product range.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

The Company has in place internal control systems and procedures commensurate with the size and nature of its operations. Internal control processes which consist of implementing and adopting appropriate management systems are followed.

A statutory Compliance audit team is constituted to check compliance and report to the management. This facilitates corrective measure to be taken wherever required.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS :

The company enjoys the support of committed and well satisfied human capital. Compensation packages offered by the company, best of class methods in recruitment, Training, motivation and performance appraisal, attract and retain the best in talent.

Based on our long-term business plans, the Company aim to indentify, induct and train the most appropriate human resources with latest techniques. There is adequate management bandwidth commensurate with the size of the operations, with responsibilities shared appropriately and not dependent on a single person. The Company has a team of professionals who steer the operations and monitor the company's growth plans.

CONCLUSION :

With the increase in investments in the Indian textile sector, the subsequent increase in the industrial production, and the positivity observed by the Textile sector has resulted in progress and development of the sector. Integrating the sectoral needs and continued investments with technical advancements will completely modernize the industry chains across the country, and further assist in reaping benefits for the Indian Textile sector.

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 affect Company's operations include Raw material prices, Government policies, Cyclical demand and pricing in the Company's main market 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 41st Annual Report and Statement of Accounts for the year ended 31st March, 2012.

1) FINANCIAL RESULTS

(₹ in Crore)

Particulars	This Year		Previous Year	
Total Turnover –				
a) Domestic	136.10		115.95	
b) Exports	169.43	305.53	155.83	271.78
Profit before Interest and Depreciation	32.99		35.53	
Less : Financial Expenses	18.60		13.32	
Profit before Depreciation	14.39		22.21	
Less : Depreciation & Amortisation Expense	13.75		12.70	
Profit before Tax	0.64		9.51	
Taxation – Current year	0.28		2.07	
– Deferred Tax	0.23		1.78	
Profit after Tax	0.13		5.66	

2) OPERATIONS

The Division wise performance is as under :-

Value (₹ in Crore)

Particulars	This Year		Previous Year	
	Qty.	Value	Qty.	Value
a) Fabrics (Lac Mtrs.)				
- Domestic	57.18	72.85	65.38	75.05
- Exports	98.62	159.55	112.40	149.68
Total	155.80	232.40	177.78	224.73
b) Yarn (MT)				
- Domestic	2512.59	49.51	1381.61	27.23
- Exports	379.56	7.03	203.92	4.24
Total	2892.15	56.54	1585.53	31.47
c) Job Work				
Job Fabric Processing (Lac Mtrs.)	89.75	10.27	80.40	9.10
Top, Fibre and Yarn Dyeing (MT)	225	0.53	177	0.48
Job Spinning (MT)	45	0.85	177	1.61
Total		11.65		11.19

Particulars	This Year		Previous Year	
	Qty.	Value	Qty.	Value
d) Readymade Garments				
- Domestic (No. of Pcs.)	34318	0.91	40376	1.31
- Exports	–	–	–	0.03
Total		0.91		1.34
e) Wind Power				
Generation (Lac Units)	30.59	1.18	30.94	1.17
f) Export Incentives		2.85		1.88
Grand Total		305.53		271.78

3) EXPORTS

The Company's Export turnover during the year was ₹ 169.43 Crores. Due to political disturbance in Middle East countries, the volumes in those areas have affected. However due to growth in other markets, overall Export volumes have been maintained.

4) EXPANSIONS

The Company has installed 20 Toyota Airjet Weaving Machines imported from Japan. The Machines have started commercial production from 1st January, 2012. The installation of these looms will increase own production resulting lower dependence on outside job weaving.

5) OUT LOOK FOR COMPANY'S ACTIVITIES

In Exports, Company is focusing more on exploring new markets and enhancing the volumes in existing markets. The Company is also exploring New markets for Vortex yarn. In Domestic market, company is focusing on RMG Sector and strengthening of Net work.

6) WIND POWER PROJECT

The Company's Wind Power Project at Jaisalmer had generated 30.59 Lac units during the year, as against 30.94 Lac units last year.

7) DIVIDEND

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

8) 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;
- That they have selected such accounting policies and applied them consistently and made judgments 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;

DIRECTORS' REPORT

- 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.

9) 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 the ceiling prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

10) 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.

11) HUMAN RESOURCE DEVELOPMENT

The Company's relations with the employees and workers at all levels have been cordial. 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.

12) CORPORATE SOCIAL RESPONSIBILITY

The Company has been organizing Blood donation camp of its employees since last Eight years. This year 151 units were collected and donated to Blood Bank at local Hospital.

The Company also organizes Annual Fair on the occasion of Janmashmi, in which about one lac residents of Bhilwara city and nearby villages participates with active interest. This function is being organized since last 20 years.

13) DIRECTORS

Shri Ravi Jhunjhunwala and Shri Shekhar Agarwal retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Shri S. K. Churiwala resigned from the Board during the year. The Board expresses its sincere gratitude for his valuable contribution during his tenure as Director of the Company.

Shri M. K. Doogar was Co-opted as Additional Director w.e.f. 4th May, 2012 till conclusion of next Annual General Meeting.

14) AUDITORS

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

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, U.P.
Date : 4th May, 2012

(ARUN CHURIWAL)
CHAIRMAN & MANAGING DIRECTOR
DIN : 00001718

निदेशकों का प्रतिवेदन

उद्देश्यपूर्ण

निदेशक मंडल आपके समक्ष 41वीं वार्षिक रिपोर्ट एवं 31, मार्च, 2012 को समाप्त हुए वर्ष का लेखा विवरण सहर्ष प्रस्तुत कर रहे हैं।

1. वित्तीय प्रदर्शन (₹ करोड़ में)

वर्ष	इस वर्ष	गत वर्ष
कुल बिक्री – घरेलू	136.10	115.95
– निर्यात	169.43	305.53
ब्याज व मूल्यहास पूर्व लाभ	32.99	35.53
घटाया: ब्याज	18.60	13.32
मूल्यहास पूर्व लाभ	14.39	22.21
घटाया: मूल्यहास	13.75	12.70
आयकर पूर्व लाभ	0.64	9.51
कराधान – आयकर	0.28	2.07
– विलम्बित कर	0.23	1.78
कर पश्चात् लाभ	0.13	5.66

2. मालाश

विभागानुसार विक्रय की स्थिति इस प्रकार है:-

वर्ष	इस वर्ष	गत वर्ष
(₹) 2 घरेलू (₹ करोड़ में)		
घरेलू	57.18	72.85
निर्यात	98.62	159.55
कुल	155.80	232.40
(₹) 2 निर्यात (₹ करोड़ में)		
घरेलू	2512.59	49.51
निर्यात	379.56	7.03
कुल	2892.15	56.54
(₹) 2 निर्यात (₹ करोड़ में)		
वस्त्र प्रक्रियांकन उपकार्य (लाख मीटर में)	89.75	10.27
टोप, फाईबर और धागा डाईंग (टनों में)	225	0.53
स्पिनिंग उपकार्य (टनों में)	45	0.85
कुल	11.65	11.19

वर्ष	इस वर्ष	गत वर्ष
(₹) 2 निर्यात (₹ करोड़ में)		
घरेलू	34318	0.91
निर्यात	&	&
कुल	0.91	1.34
(₹) 2 निर्यात (₹ करोड़ में)		
ऊर्जा उत्पादन (लाख इकाई)	30.59	1.18
कुल	2.85	1.88
(₹) 2 निर्यात (₹ करोड़ में)		
कुल	305.53	271.78

3. निर्यात

कम्पनी का इस वर्ष ₹ 169.43 करोड़ का निर्यात रहा। मध्यपूर्वी देशों में राजनीतिक अनिश्चितता के परिणाम स्वरूप इन क्षेत्रों के परिमाणों पर असर पड़ा है। परन्तु अन्य भौगोलिक क्षेत्रों में विस्तार के परिणाम स्वरूप निर्यात का स्तर बनाये रखा है।

4. विस्तारीकरण

कम्पनी ने वर्ष के दौरान 20 टोयटा एयरजेट विविंग मशीन जापान से आयातित कर स्थापित की है। जिसका उत्पादन 1 जनवरी, 2012 से शुरू हुआ है इससे उत्पादन में बढ़ोतरी हुई है एवं बाहरी इकाईयों पर बुनाई की निर्भरता कम हुई है।

5. कम्पनी की गतिविधियों पर दृष्टिकोण

निर्यात क्षेत्र में कम्पनी नये बाजार के विकास एवं स्थापित बाजार में निर्यात बढ़ाने में ध्यान दे रही है। कम्पनी वोरटेक्स धागों के निर्यात के लिए नये बाजार प्रयास कर रही है। घरेलू बाजार में पोषाक निर्माताओं की ओर ध्यान केंद्रित करते हुए अपने नेटवर्क को मजबूत कर रही है।

6. पवन ऊर्जा परियोजना

इस वर्ष कम्पनी के जैसेलमेर स्थित पवन ऊर्जा उत्पादक संयंत्र का उत्पादन 30.59 लाख इकाई रहा। गत वर्ष यह उत्पादन 30.94 लाख इकाई था।

7. लाभांश

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

8. निदेशकों के उत्तरदायित्व का वर्णन

आपके निदेशक सुनिश्चित करते हैं-

1. कि वार्षिक खातों की तैयारी में यथोचित लेखांकन सिद्धांतों का पालन किया गया है, साथ ही महत्वपूर्ण विचलनों की दशा में