



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

Annual Report | 2019 - 2020



BSL LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Arun Churiwal

Chairman & Managing Director

Shri Ravi Jhunjunwala

Director

Shri Nivedan Churiwal

Joint Managing Director

Shri Shekhar Agarwal

Director

Shri Amar Nath Choudhary

Independent Director

Shri Sushil Jhunjunwala

Independent Director

Shri Giriraj Prasad Singhal

Independent Director

Smt. Abhilasha Mimani

Independent Director

PRESIDENT & CHIEF FINANCIAL OFFICER

Shri Praveen Jain

COMPANY SECRETARY

Ms. Aanchal Patni

KEY EXECUTIVES

A. K. Mehta

Sr. Vice – President (Processing)

M. S. Khiria

Vice – President (Export Marketing)

P. Phogat

Vice – President (Spinning)

R. K. Katyal

Vice – President (Weaving)

Arun Shraff

Vice – President (Furnishing)

R. Chowdhary

Vice – President (Domestic Marketing)

BANKERS

State Bank of India

IDBI Bank Ltd.

Punjab National Bank

UCO Bank

Export Import Bank of India

STATUTORY AUDITORS

M/s SSMS & Associates

Chartered Accountants

Bhilwara

REGISTERED OFFICE

26, Industrial Area, Gandhi Nagar, Bhilwara-311001 (Rajasthan)

CIN: L24302RJ1970PLC002266

Phone: + 91-01482 249101-102, 245000

E-mail: accounts@bslsuitings.com, Website: www.bslltd.com

WORKS

Chittorgarh Road, Biliakalan, Mandpam, Bhilwara-311001 (Rajasthan)

WIND ENERGY PLANT

Village Gorera, Jaisalmer – 345001 (Rajasthan)

Village Ola, Jaisalmer – 345001 (Rajasthan)

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(₹ in Crore)

PARTICULARS	2017-18	2018-19	2019-20
Turnover	403.20	437.31	390.04
Exports	181.91	226.37	201.30
PBIDT	32.73	34.68	30.61
Financial Expenses	13.95	17.50	18.41
PBDT	18.78	17.18	12.20
Depreciation & Amortisation Expense	17.03	16.02	13.07
PBT	1.75	1.16	(0.87)
Taxation	0.72	0.29	(2.52)
PAT	1.03	0.87	1.66
PAT (Net of OCI)	0.14	0.30	(1.70)
Gross Block	149.27	151.53	152.45
Less : Depreciation	34.08	50.27	63.21
Net Block	115.19	101.26	89.24
Net Worth	77.69	76.75	75.05

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Global Textile & Apparel:

The global apparel demand is expected to boost at a steady CAGR of 5% to grow from the current US\$ 1.9 trillion to reach US\$ 2.6 trillion by 2025. Among the top ten markets of apparel, Asian giants China and India are expected to deliver the most promising growth rates of 10% and 12%, respectively, when compared to the world aggregate of 5%. China at US\$ 450 billion, is set to become the largest apparel market in the world by 2025, while India will be propelled to fourth on the list with an expected market size of US\$ 164 billion. Higher economic growth and rise in per capita income of individuals will lead to the growth in the apparel market in these developing countries.

EU and the USA dominate the global apparel market with a combined share of over 41% while they account for only 11% of the world population. While, highly populated Asian countries, such as China, India and Japan, home to 38% of the world population collectively account for a market of 21%.

The global trade of Textile & Apparel (T & A) is expected to grow from the current US\$ 823 billion to US\$ 1,000 billion in 2025, while growing at a promising rate of over 3% when compounded annually. China has continued to be the largest T&A exporter. India had maintained the position of the second largest supplier of T&A globally in the past decade. However, Germany with exports worth US\$ 39.7 billion has resulted in India becoming the third largest supplier.

Indian Textile & Apparel:

Domestic Market:

The textile industry in India is largest industry after agriculture and is also highly labour intensive offering the largest volume of employment. India has traditionally been a major producer of textiles. Along with this factor, a young population boom in the 20th century led to an increased demand of textile and apparel in India. Besides the population, a rapid growth can be seen in the disposable income of the middle and lower middle class sections of the society and it is expected to grow even further in the foreseeable future. In value terms, India's domestic textile and apparel market is worth US\$ 106 billion in 2019-20 and it is estimated to reach US\$ 223 billion by 2021. Apparel demand at US\$ 78 billion, dominated the domestic market with a share close to 74% of the total textile and apparel market in India. This industry plays a very vital role in the Indian economy.

Indian Exports:

Textile and apparel exports of India stood at US\$ 37 billion in the financial year 2018-19. However, analyzing the trade trend of first half of FY 2020, it seems that the exports in FY 2020 might reduce to US\$ 36 billion. Being a promising sourcing destination for global buyers, India's T&A exports are expected to still reach US\$ 82 billion

by 2021, growing at a CAGR of 12%. The exports have grown at a 5% CAGR since the year 2005-06.

Indian Imports:

Textile and apparel imports have been increasing steadily over the last decade. India's textile and apparel imports in 2019-20 was estimated to reach around US\$ 8.2 billion. The imports of textile and apparel have been growing at a CAGR of 8% over the last 14 years. The first half of the year 2019-20 has shown a tremendous increase in the fibre imports, which is expected to increase the overall yearly imports and result in a year on year growth of about 10%.

Economic Scenario

The textile sector assumes a significant place in India's economic landscape. It caters to consumer tastes that range from exquisite handmade craftsmanship to modern, mechanised, contemporary fashion. The textile sector spans with a wide canvas of products demanding a focused and dedicated approach to enable each product category have a competitive advantage in India's textile exports.

Presently, the industry due to international and domestic challenges is losing its competitiveness and global presence. Some of the challenges are:

- rising competition from neighboring countries such as China, Bangladesh, Vietnam, and Sri Lanka in areas such as cotton fabric, apparels, MMF and carpets
- sluggish demand in major export destinations, EU and USA as a result of global economic crisis and
- domestic challenges such as lack of technology up-gradation, inefficient infrastructure and fragmented industry structure among others.

The present Government is making rigorous efforts to restructure and to revamp the Indian textile and apparel industry under the ambit of its highly ambitious '**Make in India**' program which envisages making India as a 'manufacturing' and 'sourcing hub' in the coming times.

The textile industry contributes to 7% of industry output in value terms, 2% of India's GDP and to 15% of the country's export earnings. It is one of the largest sources of employment generation in the country with over 45 million people employed directly, and another 6 crore people in allied sectors, including a large number of women and rural population. The sector has perfect alignment with Government's key initiatives of Make in India, Skill India, Women Empowerment and Rural Youth Employment.

In keeping with goal of making India's development inclusive and participative, the Government's central focus has been on increasing textile manufacturing by building the best-in-class manufacturing infrastructure, upgradation of technology, fostering innovation, enhancing skills and traditional strengths in the textile sector.

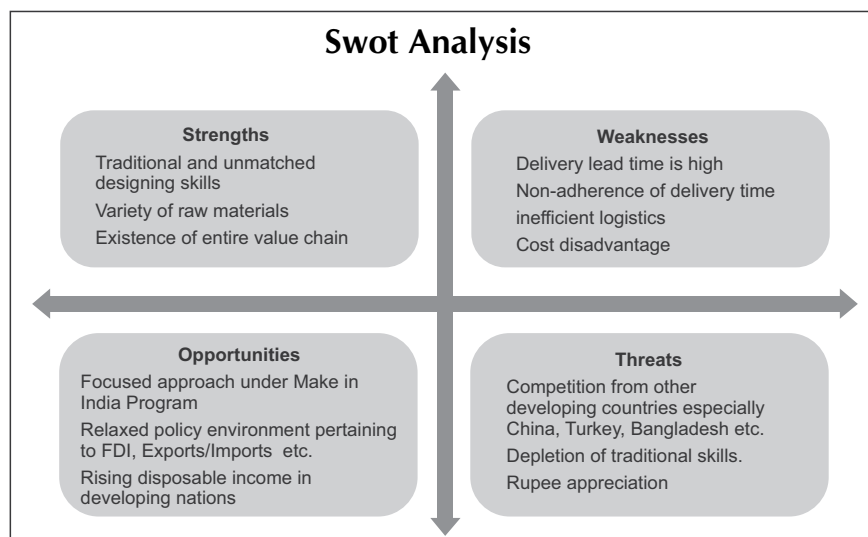
MANAGEMENT DISCUSSION AND ANALYSIS

Growth Outlook

There is an immense growth potential in Indian textiles and apparel industry due to several reasons. One, revival of demand in India's major export destinations two, rising per capita income and disposable income in the country three, shift in demographics four, changing lifestyles five, increasing demand for quality products, six, increase in participation of women in workforce seven, increased penetration of the organised retail and eight, highly focused approach and favourable policy support of the Government; all are set to fuel the demand of various textile and apparel products in the coming future.

Several inherent advantages of Indian textile industry viz. abundant availability of raw materials such as cotton, wool, silk, jute and manmade fibres; presence of traditional skill sectors, handloom and handicraft; existence of entire value chain for textile production, comparative advantage in terms of skilled manpower and cost of production over major textile producers across the globe are also attracting major global textiles and apparel players to invest in India.

Thus, the overall Indian textile industry possesses enormous opportunities and strengths and along with huge challenges and bottlenecks. Therefore, it is crucial to decide what should be done differently this time so we do not miss out on opportunities available.



Major Challenges and Suggested Interventions

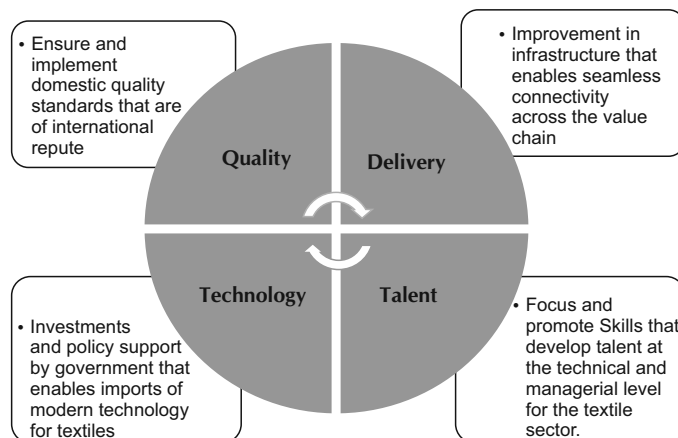
Challenges Related to Quality	Challenges related to Delivery	Challenges related to product responsiveness	Challenges related to Pricing
<ul style="list-style-type: none"> • Blending and Versatility of Fabrics • Design and Sampling • Quality of accessories, Quality of Dyes and consistency of color • Depletion of skills in traditional hand woven sectors 	<ul style="list-style-type: none"> • Inordinate delay in meeting delivery lead time • Bottlenecks in infrastructure 	<ul style="list-style-type: none"> • Lack of backward and forward integration in value chain • Outdated Technology and Machinery 	<ul style="list-style-type: none"> • Lack of standardization in pricing of cotton yarn • Differential taxation

MANAGEMENT DISCUSSION AND ANALYSIS

Some Recommendations

- Big Investments in Textile machinery and technology
- Design Centers and Sample making factories
- Increase last mile connectivity with production hubs about quality compliances
- Training, Better Wage rates and Better Designer – Weaver Buyer Connect
- A nationwide policy to create world class infrastructure
- Consistency and Continuation of Government Policies that impact supplier performance
- Standardization in Cotton procurement
- Fair and equitable levy of taxes

Roadmap for improving India's Textile Competitiveness



Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiatives taken by Government of India are:

- Under Union Budget 2020-21, a National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of Rs 1,480 crore (US\$ 211.76 million).
- In 2020, New Textiles Policy 2020 is expected to be released by the Ministry of Textiles.
- CCEA approved mandatory packaging of foodgrains and sugar in jute material for the Jute Year 2019-20.
- In September 2019, textile exports witnessed an increase of 6.2 per cent post GST as compared to period pre-GST.
- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from two per cent to four per cent.
- As of August 2018, the Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.
- The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunity and attract investments worth Rs 80,000 crore (US\$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth Rs 25,345 crore (US\$ 3.78 billion) and exports worth Rs 57.28 billion (US\$ 854.42 million).
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US\$ 14.17 billion) by 2022.

- Integrated Wool Development Programme (IWDP) approved by Government of India to provide support to the wool sector starting from wool rearer to end consumer which aims to enhance the quality and increase the production during 2017-18 and 2019-20.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20. As of August 2019, 16 states have signed pacts with the Ministry of Textiles to partner with it for skilling about four lakh workers under the scheme.

Road Ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

Indian textile industry post COVID-19 outbreak

The continued lockdown in India in April 2020 has affected the entire textile industry and disrupted exports, according to India Ratings and Research (Ind-Ra), which expects the export demand to be weak until the first half of fiscal 2020-21 till the economic recovery of the United States and Europe, which are the major hubs for Indian products.

Furthermore, the domestic demand as a discretionary product is expected to pick up gradually in the second quarter of this fiscal, but will be lower than a normal year demand. For this fiscal, the agency expects textile players to record a substantial fall in their top line and operating profits.

Due to countrywide lockdown, however, the industry is grappling with major hurdles in the following areas:

MANAGEMENT DISCUSSION AND ANALYSIS

Labour force and employment:

T&A provides direct employment to over 45 million people but the nationwide lockdown has led to a temporary closure of factories and lay-offs have already begun among low wage workers.

Import & Exports of raw material and readymade garment:

The Covid-19 pandemic is primarily expected to adversely impact exports and with second order impact on the domestic markets with both exports as well as domestic sales falling.

The pandemic has affected the majority of India's export market (the US and EU together constitute for approximately, 60% of the total apparel exports from India in value terms), causing order cancellations/deferral of order leading to inventory build-up and expectation of slower realization of export receivables leading to higher working capital requirements.

Cash flow constraints:

The sector has been grappling with profitability issues due to a sharp decline in yarn exports, cheaper imports etc. these issues only look to get aggravated further with the current crisis.

Supply chain disruption:

The Garment manufacturers need to look at local sourcing opportunities, due impact on imports and export.

Consumer sentiment:

If nationwide lockdown continues and the situation persists, it will impact consumer sentiment on the higher side, due to closure of the market and mall also to maintaining social distancing, safety and health.

The extent of the outbreak and lockdown would directly impact the length of the recovery cycle. However, to minimize the impact the Confederation of Indian Textile Industry (CITI) has requested the government to immediately announce a relief package for the textile and apparel sector to mitigate the crisis being faced by the capital and labour-intensive textile Industry, post the corona virus spread.

Company Overview**The Dawn**

In the days when the idea of manufacturing poly-viscose suiting was a unique concept in India, the second member of the LNJ Bhilwara Group, BSL Ltd., was born in the desert state of Rajasthan. The year was 1971 and the town where this happened was Bhilwara.

Over the years, with the belief that there are no shortcuts to excellence, at BSL we have moved from strength to strength. Today, as a multi-million dollar company, and having put the Group firmly on the international map of premium suiting, we are one of the prominent members of the US\$ 900 million LNJ Bhilwara Group.

Experience

With over quarter of a century of experience in textile manufacturing, BSL is currently producing over 18 million meters of fabric every year.

Product profile covers wool, wool-blended and premium lightweight fabrics, to wool modal, Trevira wool and other specialized fabrics blended with Lycra, Silk, Linen, Tencel etc. Our commitment to quality through technology and human ingenuity, has earned BSL numerous awards like the National Certificate of Merit for outstanding export performance. We are ready to meet the challenge in the years to come and take BSL to higher pinnacles of success.

BSL, products are manufactured under IS/ISO 9001-2008 the quality management system in accordance with IS/ISO-9001-2008 and this unit is accredited with Environmental management system IS/ISO 14001-2004.

Further during last year the Company has received Vegan Certificate for its product. BSL LTD. has become India's first textile manufacturing company having this certificate. It is the privilege that BSL's fabric 100% Polyester and Polyester blends with Cellulose comply the requirements of Vegan certification such as No animal ingredients or Proteins is used at any stage of production of the fabric and No harm is caused to nature and life.

Product Wise Performance

The Product wise performance during the year is as under:

(₹ in Crore)

Particulars		For the year ended			
		31.03.2020		31.03.2019	
		Qty.	Value	Qty.	Value
a)	Fabrics (Lac Mtrs.)	195.55	308.45	226.25	353.93
b)	Yarn (MT)	1996	62.82	2126	62.66
c)	Readymade Garments (No. of Pcs.)	65922	2.23	228729	6.98
d)	Wind Power (Lac Units)	28.15	1.08	28.95	1.14
e)	Job Work		11.64		7.17
f)	Export Incentives		3.82		5.43
	Total		390.04		437.31

Risks and Concerns

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the Company is exposed to are:

1. COMPETITIVE RISK:

The apparel industry is subject to rapidly evolving fashion trends, and we must continuously offer innovative and upgraded products to maintain and grow our existing businesses. Investments in the industries have started picking up with no barriers for entry of new players. Your Company continues to focus on increasing its market share and focusing more on R&D, Quality, Cost and Timely delivery that help create differentiation and provide optimum service to its customers to expose competition risk.

2. FINANCIAL (FUNDING RISK):

Any increase in interest rate can affect the finance cost. The Company's policy is to borrow long term borrowing in Indian Rupee to avoid any rate variation risks. The Company has adopted a prudent and conservative risk mitigation strategy to minimize interest costs.

3. FOREIGN EXCHANGE RISK:

Foreign exchange risks are quantified by identifying contractually committed future currency transactions. The

MANAGEMENT DISCUSSION AND ANALYSIS

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 Ind-AS.

4. COMPLIANCE AND CONTROL RISK:

The evolution of the global regulatory environment has resulted into increased regulatory scrutiny that has raised the minimum standards to be maintained by BSL Limited. This signifies the alignment of corporate performance objectives, while ensuring compliance with regulatory requirements. The Company is regularly monitoring and reviews the changes in regulatory framework and also monitoring 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.

6. HUMAN RESOURCES RISK:

Retaining the existing talent pool and attracting new manpower are major risks. The Company hedges this risk by setting benchmark of the best HR practices and carrying out necessary improvements to attract and retain the best talent. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities.

Company Response: COVID-19 outbreak

Impact of the CoVID-19 pandemic on the business:

Due to the countrywide Lockdown the production activities of the Company situated at Mandapam, Bhilwara was halted from 22nd March, 2020. The Company's production and operation activities have started w.e.f. 27th April, 2020 with limited no. of workforce engaged in the same and full-fledged from 8th May, 2020. The Company is complying with all the safety measures viz. Social Distancing and mandatory to wear face mask, face cover and proper sanitizations and thermal screening at the entry gate in premises. Further this is to report that it has affected our sales realisation process also and as a result our collections have dropped down a bit; however, we are trying to push hard and to improve the sales as well as collection. During quarter ended 31st March, 2020, it may estimate that we face 30% loss of our revenue, and could achieve 70% only of our targeted revenue.

Steps taken to ensure smooth functioning of operations:

Even before the much impact of Corona Virus in India we have started to provide guidance to our Workers and Staff about the safety measures. When the operations were resumed a detailed ready tips for back to office were also communicated to our workers and staffs. Safety systems have been implemented with appropriate training, factory roads, entrance areas and offices are being regularly sanitized. Moreover social distancing norms being strictly followed at factories and offices, Sanitization and thermal screening of employees at the entry gate of Factory and ensure safety of all the employees at the work place like making use of sanitizers, enforcing wearing of masks and maintaining social distance.

Details of impact of CoVID-19 on capital and financial resources:

Due to disruption of production and shutdown of transport the Company's supply chain has been affected but we are in continuous touch with all the stakeholders to bring it to its normal phase. Consequently profitability has been affected badly, Company is making all efforts for the betterment. The Company have availed Term Loan installment deferment as allowed by RBI in order to normalize the Liquidity position. Further, all debts of Company are serviced regularly. The demand of products may downside as lower demand from all the market worldwide. There is no impact on Internal Financial Reporting and Control. No non- fulfillment or cancellations of any obligations by any party has been reported. We ensure that your Company is at safe hands and grappling smartly in this tough time.



MANAGEMENT DISCUSSION AND ANALYSIS

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has an Internal Audit department with adequate experience and expertise in internal controls, operating system and procedures. In discharging their role and responsibilities, the department is supported by an external audit firm.

The Internal Audit Department reviews the adequacy of internal control system in the Company, its compliance with operating systems and laid down policies and procedures. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. The Company has a robust Management Information System, which is an integral part of the control mechanism.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This part has been discussed in Board's Report.

HUMAN RESOURCE AND INDUSTRIAL RELATION

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has a structured induction process and management development programs to upgrade skills of the employees. As at 31st

March, 2020, 3250 employees (Staff & Workers) employed in the Company.

The Company's HR practices, systems and people development initiatives are focused on deployment and scouting for the "Best Fit" talent for all key roles. Pay for performance, reward and recognition programmes, job enrichment and lateral movements provide opportunity for growth & development of the talent pool.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organization Development interventions. Corporate learning and Organization Development is a part of Corporate HR function. It is a critical pillar to support the organization growth and its sustainability over the long run.

CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts. The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.