



1971

1981

1991

2001

2011

2021

ANNUAL REPORT

BSL LIMITED
2020-21

CELEBRATING
50
YEARS



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Arun Churiwal

Chairman

Shri Ravi Jhunjunwala

Director

Shri Nivedan Churiwal

Managing Director

Shri Shekhar Agarwal

Director

Shri Amar Nath Choudhary

Independent Director

Shri Sushil Jhunjunwala

Independent Director

Shri Jagdish Chandra Laddha

Independent Director

Shri Giriraj Prasad Singhal

Independent Director

Smt. Abhilasha Mimani

Independent Director

Shri Praveen Jain

Director (Operations) & CFO

BANKERS

State Bank of India

IDBI Bank Ltd.

Punjab National Bank

Export Import Bank of India

STATUTORY AUDITORS

M/s SSMS & Associates

Chartered Accountants

Bhilwara

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)

Arun Shraff Vice – President (Furnishing)

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 | 2018-19 | 2019-20 | 2020-21 |
|-------------------------------------|---------|---------|---------------|
| Turnover | 437.31 | 390.04 | 321.42 |
| Exports | 226.37 | 201.30 | 186.37 |
| PBIDT | 34.68 | 30.61 | 30.17 |
| Financial Expenses | 17.50 | 18.41 | 16.77 |
| PBDT | 17.18 | 12.20 | 13.40 |
| Depreciation & Amortisation Expense | 16.02 | 13.07 | 12.17 |
| PBT | 1.16 | (0.87) | 1.23 |
| Taxation | 0.29 | (2.52) | (0.12) |
| PAT | 0.87 | 1.66 | 1.36 |
| Gross Block | 151.53 | 152.45 | 153.20 |
| Less : Depreciation | 50.27 | 63.21 | 75.17 |
| Net Block | 101.26 | 89.24 | 78.03 |
| Net Worth | 76.75 | 75.05 | 78.28 |

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy

The global economy contracted by 3.3% in CY 2020, as all major economies barring China slipped into recession with COVID-induced lockdowns. Advanced Economies' (AE) decline of 4.7% was steeper than Emerging Markets (EM) decline of 2.2%. From an economic perspective, in 2020, World output shrank, which significantly lower than the GDP decline in 2009 owing to the Global Financial crisis. The contraction of activity in 2020 was unprecedented, but it could have been a lot worse. The pandemic hit the developed economies the hardest, with an estimated output decline of 4.7% in 2020 whereas the contraction was comparatively milder in developing countries, with output shrinking by 2.2%.

In a little over a year into the COVID-19 pandemic, global economic activity is making a hesitant and uneven recovery on the back of extraordinary policy responses by governments and central banks on monetary, fiscal and regulatory fronts. As per IMF, after an estimated contraction of 3.3% in 2020, the global economy is projected to grow at 6 % in 2021 and 4.4% in 2022. Global trade also started recovering in 4Q FY 2021 as merchandise trade volume turned positive on y-o-y basis from November 2020. Global trade is forecast to grow 8% in CY 2021 with merchandise volumes recovering faster than services volumes. The growth recovery is likely to be led by the US and China – the US is estimated to grow 6.4% in 2021 and China by 8.4%. Governments and Central Banks are expected to maintain supportive policies until the recovery is firmly underway.

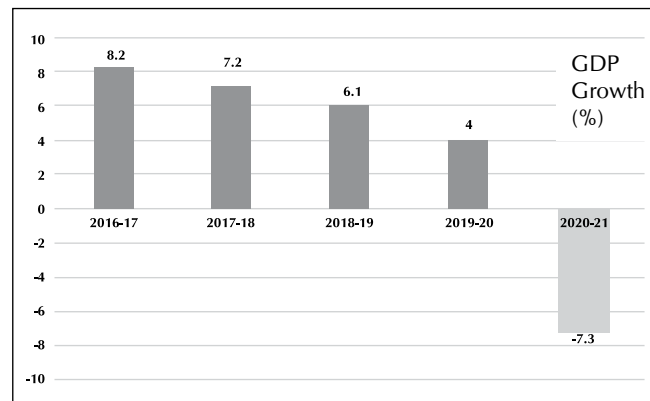
Vaccine rollout in major world economies has raised hopes of higher economic growth. However, the bounce back will also be largely dependent on controlling the pandemic in low-income and emerging market economies. Strong international cooperation is vital for achieving these objectives, especially towards ensuring adequate worldwide vaccine production and universal distribution at affordable prices so that all countries can quickly and decisively beat back the pandemic. The future of global economic growth will depend on three major factors: the evolution path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage; and the evolution of financial conditions across countries and the adjustment capacity of their economies.

Indian Economy

The Indian economy is estimated to decline by 8% in FY 2020-21, the first year of contraction since 1980. After a contraction in GDP for the first half of FY21, a negative growth of 24.4% and 7.3% in the first two quarters India recovered smartly to emerge as one of the select few economies that have witnessed positive year-on-year growth - in the three month period October-December'20; it grew by 0.4%. GDP growth in Q4 of FY21 was much higher at 1.6%. India saw a V-shaped recovery as most consumption and industrial indicators were back in positive growth territory. On an overall basis though, growth in India's real GDP during 2020-21 is estimated at -7.3% as compared to 4.0% in 2019-20 (according to the second estimate by the Government).

The accelerated momentum in economic activity in the second half is also reflected in the healthy GST collection – it crossed the ₹ 1 lakh crore mark at a stretch for the last six month, being ₹ 1.23 Lakh crore in March 2021, the highest collection ever since the launch of GST.

The net indirect tax collection in 2020-21 grew 12.3% annually to ₹ 10.71 lakh crore, exceeding the previous year benchmark at ₹ 9.54 lakh crore.



The Reserve Bank of India (RBI), and the central and state governments provided critical support to the economy during the crisis. The RBI maintained loose monetary policy, cutting repo rates by 115 bps during early CY 2020. To keep funding markets easy, the RBI maintained liquidity surplus through various monetary measures.

Textile Industry

Global Textile:

The global textile market size was projected at USD 1000.3 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 4.4% from 2021 to 2028. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period.

The textile industry works on three major principles, namely designing, production, and distribution of different flexible materials such as yarn and clothing. A wide array of processes such as knitting, crocheting, weaving, and others are largely used to manufacture a wide range of finished and semi-finished goods in bedding, clothing, apparel, medical, and other accessories.

The recent outbreak of coronavirus disease has acted as a restraint to the market. Global trade restrictions due to disrupted supply chain and decline in textile product consumption amid imposed lockdown have further negatively impacted the market. However, the market is expected to recover strongly during the forecast period with government support and increasing public awareness in terms of effective precautionary measures.

MANAGEMENT DISCUSSION AND ANALYSIS

Raw Material Insights

Cotton led the market for textile and accounted for the largest revenue share of more than 39.0% in 2020. Cotton is the world's most important natural fiber, which is attributed to its superior properties such as high strength, absorption, and color retention. China, India, and the U.S. are the major producers of cotton and cotton-based products in the world.

The wool segment accounted for a revenue share of 13.3% in 2020. Wool primarily composed of hydrogen, carbon, sulfur, and nitrogen, is extensively used to manufacture insulation products such as winter wears, blankets, carpeting, upholstery, and others. In addition, the products made from the same are used to absorb odor and noise in heavy machinery, thereby contributing to segment growth.

Other raw materials used in the production of textiles are silk, minerals such as glass fibers and asbestos, and other synthetic material. Silk finds extensive use in the manufacturing of clothing, surgical suture, parachutes, silk comforter, and various others owing to high strength and elasticity, which is expected to drive the segment over the forecast period.

Product Insights

Polyester is expected to witness a growth rate of 4.2% from 2021 to 2028, which can be attributed to its different properties such as high-strength, chemical and wrinkle resistance, and quick-drying. It is used in both, households as cushioning and insulating material in the pillows, and in industries for making carpets, air-filters, coated fabrics, and others.

Regional Insights

Asia Pacific dominated the market for textile and accounted for over 47.6% share of global revenue in 2020, owing to the increasing sales volume of clothing and apparel goods. In addition, the presence of a high number of customers on e-commerce platforms buying clothing and related accessories in the developing economies is further adding positive growth to the market.

Indian Textile:

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries.

The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce wide variety of products suitable for different market segments, both within India and across the world.

Market Size

The domestic textiles and apparel market stood at an estimated US\$ 100 billion in FY19.

The production of raw cotton in India is estimated to have reached 35.4 million bales in FY20[^]. During FY19, production of fibre in India stood at 1.44 million tonnes (MT) and reached 1.60 MT in FY20 (till January 2020), while that for yarn, the production stood at 4,762 million kgs during same period.

Exports of textiles (RMG of all textiles, cotton yarn/fabs./made-ups/ handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 29.45 billion, as of March 2021.

Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 3.68 billion from April 2000 to December 2020.

Government Initiatives

Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100% FDI in the sector under the automatic route.

Initiatives taken by Government of India are:

- In April 2021, Union Minister Smriti Irani has assured strong support from the Textile Ministry to reduce industry's dependence on imported machine tools by partnering with engineering organisations for machinery production. She also stated that the PLI scheme for the textile industry is almost ready. The scheme aims to develop Man Made Fiber (MMF) apparel and technical textiles industry by providing incentive from 3-15% on stipulated incremental turnover for five years.
- To support the handloom weavers/weaver entrepreneurs, the Weaver MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of ₹ 10,000 (US\$ 134.22) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.
- Gorakhpur is on track to become a major garment manufacturing centre, boosting the economy in eastern Uttar Pradesh. The Gorakhpur Industrial Development Authority (GIDA) will provide four acres of land for construction of a flattened factory and will enable accessible to entrepreneurs.
- In March 2021, The Ministry of Textiles favoured limited deal for the India-UK free trade agreement that could boost the garments sector.
 - o In 2020-21, the UK is India's fourteenth largest trading partner, accounting for US\$ 8.7 billion in exports and US\$ 6.7 billion in imports.
 - o Under the proposed trade agreement, the Textile Ministry expects more market access for the Indian textiles and clothing sector in order to achieve its full potential.
- In March 2021, under the ongoing sub-mission on agroforestry (SMAF) scheme, the Ministry of Agriculture and Farmers Welfare signed a memorandum of understanding (MoU) with

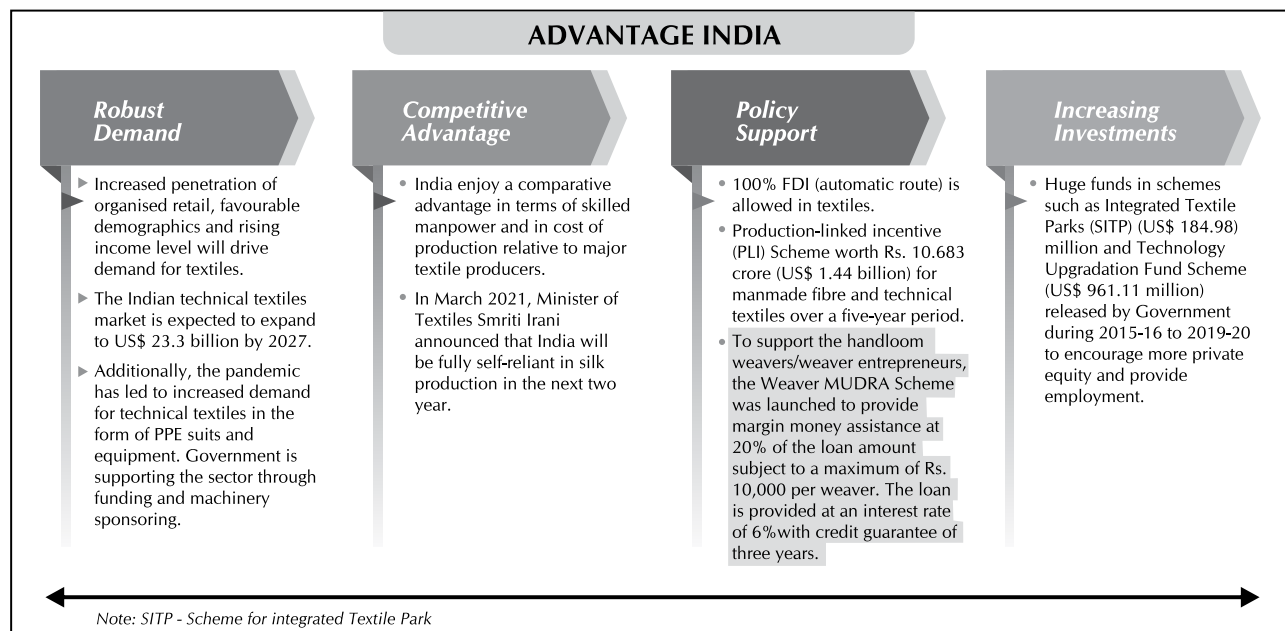
MANAGEMENT DISCUSSION AND ANALYSIS

the Central Silk Board, under the Ministry of Textiles, on a convergence model to implement agroforestry in the silk sector.

- In March 2021, toys were identified as one of the 24 primary sectors listed under the self-reliant India initiative. The Department for Promotion of Industry and Internal Trade (DPIIT) has developed a 'National Action Plan' for toys that calls on several central ministries, including textiles, MSME, I&B, Education, DPIIT (under the Ministry of Commerce) and other departments, to nurture and promote the industry.
- Effective 01 January 2021, to boost exports, government have extended the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all exported goods
- To support the handloom and handicrafts sector, the government has taken steps to onboard weavers/artisans on Government e-Marketplace (GeM), provide a wider market and enable them to sell their products directly to various government departments and organisations. As of December 31, 2020, 171,167 weavers/artisans/handloom entities have been registered on the GeM portal.
- Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms. Indian defense sector has expressed support towards the Indian technical textile sector.
- In March 2021, while addressing the 9th edition of TECHNOTEX 2021 organized by FICCI, General Bipin Rawat, Chief of Defence Staff appreciated the innovations in Indian technical textile and stated that the armed forces will rather reduce imports and instead procure technical textiles from Indian industries as a part of the Atmanirbhar Bharat initiative.
- In October 2020, the Cabinet Committee on Economic Affairs chaired by Mr. Narendra Modi approved mandatory packaging

of 100% food grains and 20% sugar in jute bags. Under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987, the government is required to consider and provide for the compulsory use of jute packaging materials for supply.

- Government launched production linked incentive scheme to provide incentives for manufacture and export of specific textile products made of man-made fibre.
- On September 2, 2020, the Union Cabinet approved signing an MOU between textile committee, India and M/s Nissenken Quality Evaluation Centre, Japan, for improving quality and testing Indian textiles and clothing for the Japanese market. This India-Japan pact on cooperation in textiles will facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical regulations.
- 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 ₹ 1,480 crore (US\$ 211.76 million).
- In 2020, New Textiles Policy 2020 is expected to be released by the Ministry of Textiles.
- 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 2% to 4%.
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), estimated to create employment for 35 lakh people and enable investment worth ₹ 95,000 crore (US\$ 14.17 billion) by 2022.
- Integrated Wool Development Programme (IWDP) was approved by Government of India to provide support to the wool sector, starting from wool rearer to end consumer, with an aim to enhance quality and increase



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.

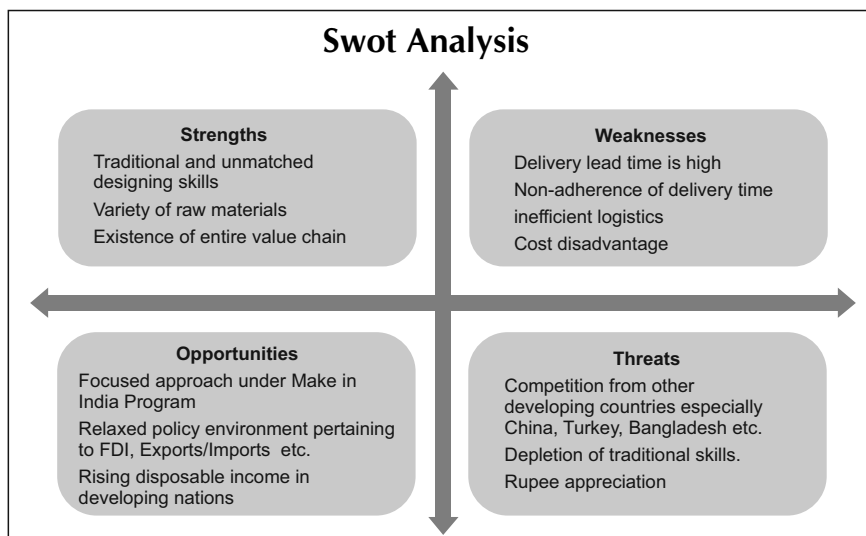
Road Ahead

India is working on major initiatives, to boost its technical textile industry. Owing to the pandemic, the demand for technical textiles in the form of PPE suits and equipment is on rise. Government is supporting the sector through funding and machinery sponsoring.

Top players in the sector are attaining sustainability in their products by manufacturing textiles that use natural recyclable materials.

The future for the Indian textiles industry looks promising, buoyed by 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.



Product Wise Performance

The Product wise performance during the year is as under:

(₹ in Crore)

| Particulars | For the year ended | | | |
|-------------------------------------|--------------------|---------------|------------|---------------|
| | 31.03.2021 | | 31.03.2020 | |
| | Qty. | Value | Qty. | Value |
| a) Fabrics (Lac Mtrs.) | 164.17 | 254.24 | 195.55 | 308.45 |
| b) Yarn (MT) | 2419 | 51.64 | 1996 | 62.82 |
| c) Readymade Garments (No. of Pcs.) | 24834 | 0.95 | 65922 | 2.23 |
| d) Wind Power (Lac Units) | 22.55 | 0.88 | 28.15 | 1.08 |
| e) Job Work | | 10.69 | | 11.64 |
| f) Export Incentives | | 3.02 | | 3.82 |
| Total | | 321.42 | | 390.04 |

MANAGEMENT DISCUSSION AND ANALYSIS

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 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.

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, 2021, 3119 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.