

Staying the course



ANNUAL REPORT **2021-22**

TRIDENT TEXOFAB LIMITED



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Staying the course

The COVID-19 pandemic brought a tumultuous time for most businesses and industries across the world, and ours wasn't spared either. The journey to recovery has tested our resilience, grit and foresightedness, and above all, it presented us with some hard choices - to either maintain the status-quo or to continue on the path of expanding manufacturing operations under the Company's Shifting Gears strategy. Driven by our passion, we chose the latter and stayed on the course to transform into an integrated textile manufacturing Company. While the decision was difficult, the vision for a promising future came naturally to us. We decided to build capacities and went ahead with our critical expansion plan in one of the toughest industry environments. Coinciding with the disastrous second wave of COVID-19, our third phase of CAPEX was undertaken in June 2021 at the Hojiwala facility in Sachin, which led us to augment our capacities from about 8-9 lakh metres per month to 20-22 lakh metres per month.

In the last couple of years, Trident has moved from heavy reliance on trading to manufacturing excellence, from stagnation to relentless dynamism. In fact, FY22 is the first- ever year where our manufacturing revenue has surpassed our trading revenue. As we advance, we aim to build on this trend and realise our vision of becoming a fully integrated textile manufacturing Company.

These decisions and our incredible journey are a testament to our ingenuity and adaptability, enabling us to rise above the storm and steer ahead without compromising our previously established beliefs and principles. The decision to invest in a better future, though a tough one, was a necessary step for us. From being vigilant in manufacturing to ensuring the highest quality products to strategising for the future - Trident is always thinking about its steps ahead. But most importantly, while the Company grows from strength to strength, delivering value to all our stakeholders will always remain our true north.



Trident Texofab Limited ('Trident' or 'the Company'), a semi-composite textile manufacturing and trading Company, deals in a plethora of product ranges that include, Home Furnishing, Garments, Suiting, Shirting, Technical Textiles and Fabrics



Today, it manufactures various grades of grey fabrics and also undertakes job work for Weaving, Digital Printing & Embroidery.

With the Company adopting its Shifting Gears strategy in FY19, Trident has delved into becoming a semi-composite player manufacturing polyester and poly-blend fabrics from its pure-textile trading forte.



Vision

With our quality products and services, we at Trident Texofab, understand the need to constantly add value to our clients and try to provide maximum customer satisfaction. Our purpose is to craft a robust brand in the minds of our customers along with a stellar industry reputation.

To craft a robust brand in the minds of our customers along with creating a stellar industry reputation, by constantly providing value to our customers through our quality products and services, and ensuring maximum customer satisfaction.

Mission

We have decided to dig deeper into our industry and come out with our own brands in segments such as home furnishing products, garments, shirting, and other fabrics. We will continue to scout for new opportunities and strive to explore retail & B2C customer segments of our present businesses.

To create its own brands in segments such as Home Furnishing, Garments, Shirting, and other Fabrics, while scouting for new opportunities in the industry and exploring retail and B2C segments for Trident's current businesses.



Fact Sheet

₹8,429.30 lakhs

Revenue from Operations
up from ₹4,992.65 lakhs in FY21

₹482.79 lakhs

Operating Profits
up from ₹292.87 lakhs in FY21

₹1,295.95 lakhs

Shareholder's Fund
up from ₹1197.67 lakhs in FY21

~250 lakh metres

Annual Manufacturing Capacity

~150

Team Strength

1st

Generation Promoters

Wide

product portfolio of various
finished & semi-finished products

BSE Listed

Shifting gears from pure-trading to profitability
assertive manufacturing operations- Phases of CAPEX



Waterjet Unit



Rapier Unit



Expansion of
Waterjet Unit

Wide Product Portfolio

Trident’s current portfolio of offerings includes a bouquet of diverse product ranges such as Home Textiles, Technical Textile, Suiting, Shirting, Garments, Polyester and Poly-Blend Fabrics.

As the Company marches towards becoming a fully integrated textile manufacturer, it will continue to create value for its customers by including value- added product categories.

Manufacturing

Finished Products

- Embroidered Fabrics
- Digital Printed Fabrics
- Bed Sheets
- Technical Textiles
- Suiting
- Various polyester and Poly-Blend Fabrics



Trading

Home Furnishing

- Bedsheets
- Curtains
- Cushion Covers



Semi- Finished Products

- Grey Fabrics
- Contract Manufacturing Digital Printing
- Value-added products in Embroidery



Clothing Articles

- Scarfs
- Pareos
- Suiting
- Shirting
- Technical Textiles Fabrics



Chairman’s address

We believe that the investments made towards capacity enhancement will continue to add value to our business, bolster our profitability while our operations stabilise and reap further rewards in the years to come.



Hardik Desai
Chairman

Dear Shareholders,

It is a matter of great pleasure and pride for me to present to you this Annual Report for 2021-22. The contents of this report are a testament to the hard work which has been put in by the team at Trident Texofab and the resilience of the Company to turn around its fortunes in the face of significant

headwinds over the past two years. Your continued faith and support of the Company have enabled us to focus on creating more value for our stakeholders while strengthening the fundamentals of our business. As you are aware, the COVID-19 pandemic has taken a noticeable toll on not only our Company and its business but also on the industry

as a whole. Since the last quarter of FY20, the entire industry has faced the brunt of various pandemic-induced exigencies, which have been difficult to navigate, given the public health related restrictions which were imposed from time to time. Indeed, each time businesses have attempted to bounce back, they have been struck down by the

vagaries of the various waves of infection, adversely affecting one or more of its input needs or supply chains. Moreover, for businesses like ours, disruptions such as labour shortages, supply outages and movement restrictions had a pervasive impact on our ability to be robust and agile simultaneously. While FY21 was a challenging year for us in terms of revenue and profitability, we are elated to report that our concerted efforts to get back on track have paid off, with the Company posting robust figures for revenue and profit. Our Revenue from Operations increased by a staggering 69%, from ₹ 4,992.65 lakhs in FY21 to ₹ 8,429.2 lakhs in FY22. Despite significant cost inflation across the board, we were successful in keeping our EBITDA margins intact at 5.7%, compared to 5.9% in the previous year. FY22 has also been the year when the Company posted its highest-ever net worth, which stands at ₹ 1,295.95 lakhs compared to the previous year's ₹ 1,197.67 lakhs. Most importantly, we were significantly more profitable than we had been in the previous year, with our profits after tax (PAT) standing at ₹ 98.27 lakhs in FY22 as compared to ₹ 35.32 lakhs in FY21. This monumental 178% YoY increase in our profitability, although on a depressed base of FY21, is a resounding vote of confidence in the adaptability and performance of the team at Trident Texofab and a comeback in demand. However, these figures show one thing above all else – the Company's commitment to 'Shifting Gears' – an idea which is personified in the strategies adopted by the Company and the road that it seeks to travel on in its journey into the future. We realised

that the only way to scale up our business, increase profitability and break through the limitation of the trading business was to venture into manufacturing. As such, our manufacturing operations commenced more than three years ago in April 2019 with a Waterjet unit at our Hojiwala facility, and we have not had to look back since then. In consonance with its motto of 'Shifting Gears', the Company has continued on its path towards transforming into an integrated textile business. We have not let the pandemic dampen our spirits or thwart our plans in this regard. **We realised that the only way to scale up our business, increase profitability and break through the limitation of the trading business was to venture into manufacturing.** Indeed, out of the 3 manufacturing expansions that Trident Texofab has completed in the last 3 years, 2 were announced and completed while living under the spectre of the virus. In FY22, we successfully completed the expansion project at our Waterjet unit, which enabled us to more than double our monthly manufacturing capacity to 20-22 lakh metres per month. Subsequently, our net block stood at an all-time high of ₹ 1,889.8 lakhs compared to ₹ 1,117.1 lakhs in the previous year, representing an increase of 69% YoY. When we started manufacturing in FY19, that vertical's contribution to revenue stood at roughly 25%. Now, three years down the line, manufacturing contributes

more than double what it used to – in FY22, approximately 59% of our revenue was attributable to manufacturing. Further, Operating Profit margins have grown from 1.7% in FY18 to 5.7% in FY22. Given this, the management and the Board of the Company are continuously evaluating opportunities to make further capital investments to give more impetus to our manufacturing vertical. We believe that the investments made towards capacity enhancement will continue to add value to our business, bolster our profitability while our operations stabilise and reap further rewards in the years to come. In summation, the Company remains focused on expanding its manufacturing capabilities and capacity while remaining malleable and reactive to the realities of an ever-changing business. We are confident that our efforts would enable the Company to continue strengthening its fundamentals while also springing it into a higher orbit of financial performance. Through its continued robust engagement with the management, the Board is committed to contributing further to the growth and expansion strategies of the Company in the future. In closing, I must express my heartfelt gratitude to the Board Members, regulatory authorities, management, employees, bankers, and shareholders for their continued guidance and support. You are the energy which drives the Company forward and upward. Thank you. Sincerely, **Hardik Desai**
Chairman

Adding vision to the Company’s mission



☐ Member ☒ Chairperson

Audit: **A**
Nomination and remuneration: **N**
Stakeholder Relationship: **S**
Management Committee: **M**

01 Mr. Hardik Jigishkumar Desai
Chairman & Managing Director

Mr. Desai, the Promoter Co- founder and a member of the Board of Directors since the inception of Trident, has diverse experience of more than 22 years in the textile, pharmaceuticals, and medical equipment industry. At Trident, he oversees the overall management and functioning of the Company and is responsible for functions that include, project execution, technology advancements, quality control and enhancement, process and information technology and customer satisfaction. Under his leadership, the Company has achieved high quality standards, and his vision and guidance has proved to be an extraordinary tool for Trident. He has astutely led Trident’s strong and talented workforce to achieve pinnacles of success.

02 Mr. Chetan Chandrakant Jariwala
Whole time Director

Mr. Jariwala, a Promoter and a member of the Board of Directors since 2013, has a rich experience of over 22 years in the textiles industry. At Trident, he oversees the overall management and functioning of the Company and supervises various departments, such as Sales & Marketing, Estimation, Customer Relationship Management, Value Engineering, Landscaping, Human Resources, QST, Purchase, Corporate Communications, Architects and Process & IT. His notable contribution to the Company has strengthened its foundation, and he has been instrumental in

steering Trident to achieve the highest standards of quality in various matters.

03 Mr. Deepak Prakashchandra Gandhi
Executive and Non Independent Director

Mr. Gandhi has over 22 years of rich experience in the Textile industry. His expertise in the field comes from past experiences of working in this field. Drawing from his diverse knowledge, he is currently handling/heading the digital, stitching and embroidery division of the Company. Mr. Gandhi has completed his Bachelor’s of Arts from South Gujarat University.

04 Mr. Manish Dhirajlal Halwawala
Executive and Non Independent Director

Mr. Halwawala has a vast experience of over 30 years in the Indian textile industry. His diverse knowledge in the sector is an asset to the Company, and he handles the manufacturing division for Trident. Mr. Halwawala has completed his Diploma in Man Made Fibre Fabrics.

05 Mrs. Vrusti Bhumik Patel
Non-Executive and Independent Director

Mrs. Patel has a rich experience of over 5 years in IPR and Taxation Laws. She has worked with some prominent names in the sector. Mrs. Patel has completed her B.Com. LLB (Hons.) from Nirma University, Gujarat.

06 Mrs. Ankita Jignesh Saraiya
Non-Executive & Independent Director

Mrs. Saraiya has diverse experience of over 8 years in managerial roles. Mrs. Saraiya has completed her Bachelor’s of Commerce from South Gujarat University.

07 Mrs. Natasha Karbhari
Non Executive & Independent Director

Mrs. Karbhari has a vast experience of over 9 years in the Pharmaceutical industry. Mrs. Karbhari has completed her MBA in Pharmaceutical Management from NMIMS University, Mumbai. She was also the recipient of an academic excellence award in business leadership during her MBA.

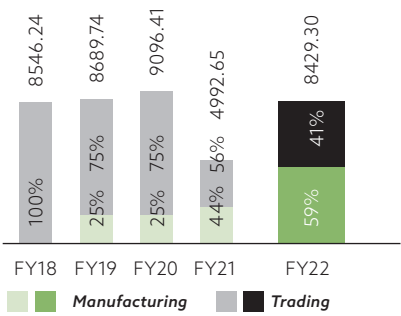
Resilience in a tough environment

FY21 was a year replete with challenges for Trident, like many other textile trading and manufacturing companies across the world. Resultantly when the Company entered FY22, while it was optimistic about its capabilities, it was vastly uncertain about the macroeconomic factors that would equally contribute to its trajectory. However, this financial year not only enabled the Company to bounce back from its setback but also ensured that the levels of output, as well as outcome, match those of pre-pandemic levels. Further, despite the recent cost inflation, the Company's margins remained stable.

As visible from its increasing net block, the Company will continue to invest in its manufacturing set-up going forward to establish itself as a competent manufacturer of textiles in India.

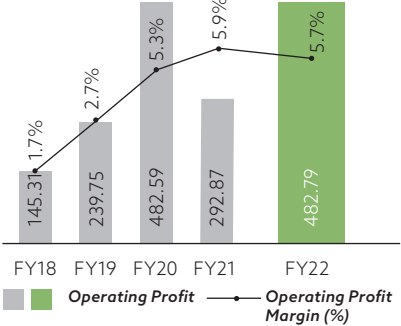
Revenue from Operations

in ₹ crores



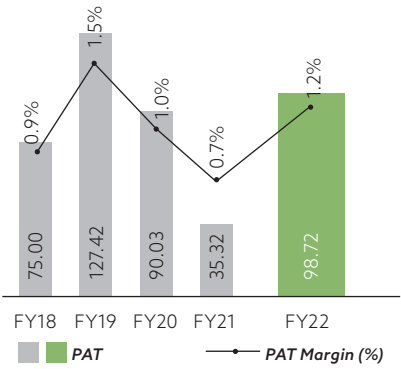
Operating Profit

in ₹ crores



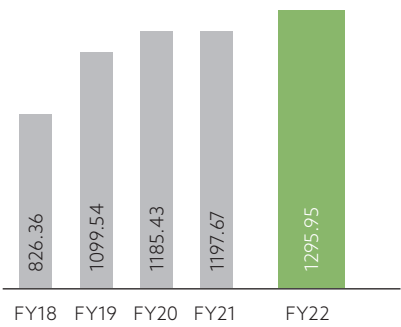
Profit After Taxes

in ₹ crores



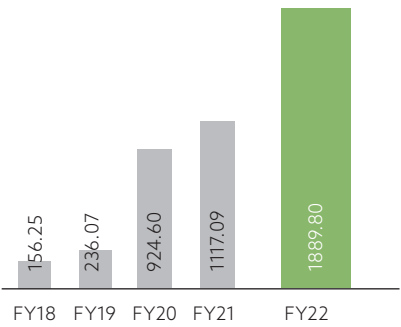
Shareholders' Fund

in ₹ crores



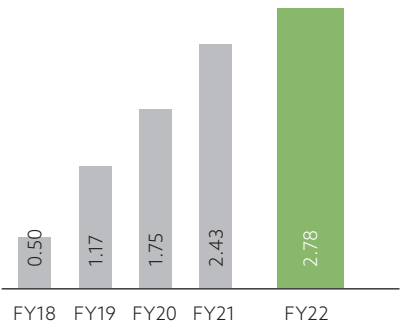
Net Block

in ₹ crores



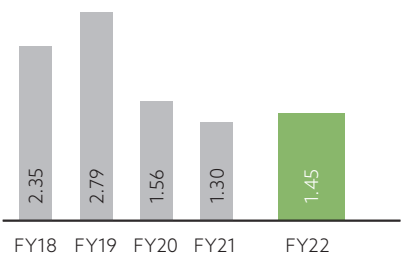
Total Debt to Equity

in times



Interest Coverage Ratio

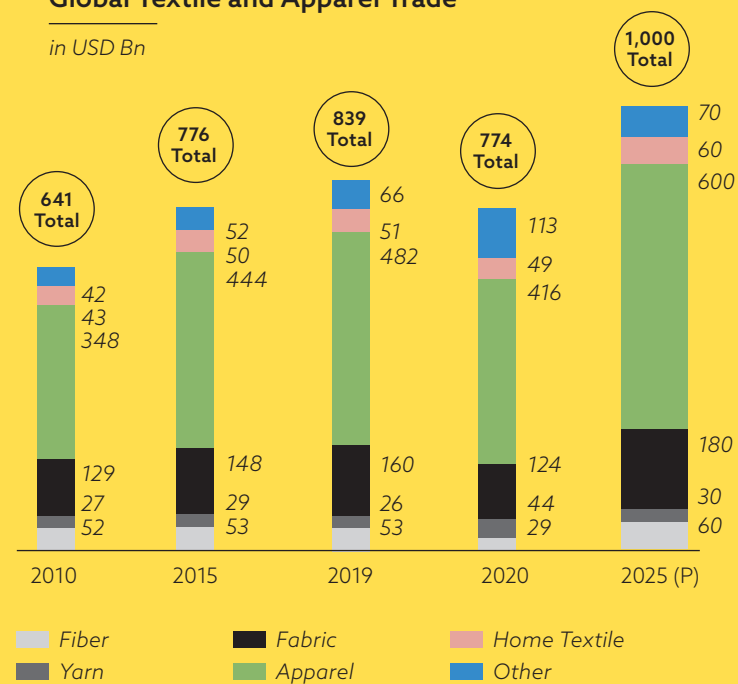
in times



Management Discussion and Analysis

Global Textile and Apparel Trade¹

in USD Bn



Global Textile Industry

Like many other industries globally, the global textile and apparel trade experienced a downturn in FY2020 on account of the Covid-19 pandemic and its effects on global commerce as a whole. In 2019, the global textile and apparel trade stood at US\$ 961.5 billion, which came down to US\$ 774 billion in 2020 on account of lockdowns affecting the functioning of retail stores, putting up hurdles for manufacturing, events being cancelled as well as deceleration of online sales. Yet, in 2020, apparel was the largest traded category worldwide, contributing 54% of the global textiles trade, followed by fabrics at 16%. While these figures were lower than the pre-pandemic benchmark (58% for apparel and 19% for fabrics in 2019), given the current trends, apparel is slated to contribute 78% of the global trade by 2025. On the other hand, despite the reduction in overall customer spending, home textiles stood at around 6% of the global trade both in 2019 as well as in 2020.

In 2021, with the lifting of lockdown restrictions and the opening-up of the global economy again, there has been a sharp comeback for the volumes of this industry, with the trade expected to reach US\$ 1 trillion by 2025, growing at a CAGR of 3% from 2019.

Chinese manufacturing dominated the global apparel and home textiles markets, contributing the lion's share of 38% of global home textiles exports amounting to US\$ 18.6 billion and 32% of apparel exports valued at US\$ 132.5 billion. In the apparel category, Bangladesh and Vietnam vied for second and third places, while India ranked 7th. When it comes to home textiles, India came in second, contributing 11% of the global exports – approximately US\$ 5.2 billion –

while Turkey had 8% of the market share (roughly US\$ 4.1 billion). China was also the leading exporter of fabrics (both knitted and woven), far outpacing its closest competitors.

The textile industry itself is very labour intensive, and the cost of labour significantly affects the prices of the commodities.

This is one of the reasons why textiles have seen shifts in consumption and production patterns over time, with several shifts in the manufacturing landscape. For example, while China currently accounts for nearly 32% of exports in global textile and apparel, given the increasing labour and production costs in China, the industry is looking for more lucrative locales to migrate its manufacturing activities.

Indicatively, China's share of the global apparel exports market has declined from 35% in 2016 to roughly 29% in 2021. In 2020, apparel exports from China contributed approximately US\$ 120.70 billion, while the same is expected to come down to US\$ 107.73 billion in 2021. This trend is likely to continue with manufacturers looking for more favourable destinations where they can tap into favourable public policies, competitive labour rates and favourable cost structures, amongst others. Towards this, global trade has already seen a migration of capital to alternate locations in South and South-East Asia as well as Africa.

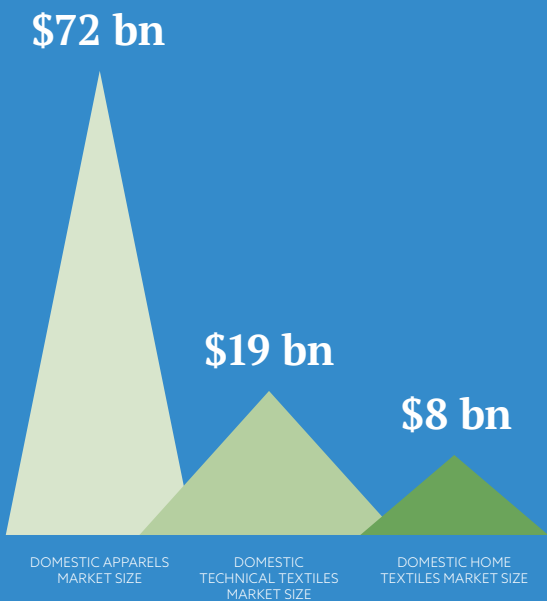
In these circumstances, it is for the next-in-line hubs like India, Vietnam and Bangladesh, who contribute roughly 5 – 8 % of global exports individually, to make the most of these opportunities and poise themselves to take China's place in the global textile manufacturing industry.

¹ Wazir: <https://bit.ly/Wazir-Advisors-Annual-TA-Industry-Report>

² IBEF: <https://bit.ly/IBEF-Textiles-and-Appare>

1. UN Comtrade and Wazir Analysis

Industry Snapshot



\$99 billion
Domestic Market Size

2 nd	4.5+ crore	12%
Largest Employer after Agriculture	Direct employment generated	Contribution to total Indian Exports
2.3%	12.65%	65%
Contribution to India's GDP	GVA of Textiles and Apparel as Share of Manufacturing GVA	Share of Cotton in the total Fibre Consumption

Largely

unorganised and fragmented, with select large corporates

Note - All data pertains to 2021-22 (E) unless specified

Indian Textile Industry

Industry Overview

In FY22, the Indian domestic textile industry stood at US\$ 99 billion, and it is expected to reach US\$ 190 billion in FY26, growing at a CAGR of 10% between FY20 and FY26. According to the World Trade Organisation (WTO), India has the third largest textile manufacturing industry with an export value of US\$ 30 billion, as against its US\$ 10 billion import value. India's home textile market stood at \$8 billion in FY20, and it is expected to grow to \$10 billion by FY26, growing at a CAGR of 11% between FY22 and FY26.

In FY21, India witnessed a shrinkage in its domestic apparel market from \$78 billion in FY20 to \$55 billion, which resulted from the series of COVID-19 lockdowns and restrictions in the country. However, as the markets opened up and restrictions were relaxed,

According to the World Trade Organisation (WTO), India has the third largest textile manufacturing industry with an export value of US\$ 30 billion, as against its US\$ 10 billion import value.

the industry got back on track, recording a growth of 30% from 2020. As a result, the industry is projected to grow significantly to reach \$135 billion by FY26, recording a CAGR of 13.4%.

As for India's Textile and apparel exports, it reached US\$ 33.5 billion in FY20. However, the exports suffered in FY21 to reach US\$ 28.4 billion due to the prolonged impact of COVID-19. However, the situation is projected to improve in the longer term, and the exports are expected to reach US\$ 65 billion



by FY26 at a CAGR of 11%. On the import front, India stood at \$ 5.9 billion in FY21 and is estimated to be at \$ 8.2 billion in FY22. This does show a trend of reducing imports in the short term, as the current level remains lower than the pre-pandemic level. However, in the near future the imports are expected to reach US\$ 12 billion, growing at a CAGR of 10% between FY22 and FY26.

Impact of COVID-19 on Indian Textile & Apparel Industry

COVID-19 had a huge impact on all industries, and especially those that were labour intensive, such as the textile and apparel industry. Companies were either subjected to a complete shutdown

of operations, or were allowed to operate at partial capacities through 2020. In Q1FY22, the second wave of COVID-19 brought fresh complications as the industry witnessed a shortage of labour, restrictions in movement and supply chain disruptions. Logistics suspension led to a 50% reduction

Logistics suspension led to a 50% reduction in Net trade for India in the months of April and May as compared to the same months in the previous year.

in Net trade for India in the months of April and May as compared to the same months in the previous year. Lockdown restrictions across the country resulted in a slump in the retail sales of apparel for at least 4-5 months. However, e-commerce boomed exponentially during the period and opened up an alternative route for textile traders and manufacturers.