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REF: BSL/CS/2023-24

Dated: 13th May 2023

General Manager – Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. BSE Scrip Code: 514045	The Manager – Listing Department The National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. NSE Symbol: BSL
CIN: L24302RJ1970PLC002266	

Subject: Transcript of Investors Conference Call held on Tuesday, 09th May 2023.

Dear Sir/Ma'am,

Please refer to our Investors Conference Call scheduled on Tuesday, 09th May 2023 intimated vide our letter dated 04/05/2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the said Investors Conference Call. The said transcript is also available on the website of the Company.

Please take the above information on record.

Thanking you,

Yours faithfully,
For BSL LIMITED

SHUBHAM JAIN
COMPANY SECRETARY
M. No.: A49973

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BSL Limited
Q4 & FY23 Earnings Conference Call Transcript
09th May 2023

MANAGEMENT:

Mr. Nivedan Churiwal: Managing Director

Mr. Praveen Jain: Director Operations



Moderator: Ladies and gentlemen, good day, and welcome to the BSL Limited Q4 and FY2023 Earnings Conference Call hosted by Rik Capital.

We have with us today from the management Mr. Nivedan Churiwal – Managing Director, Mr. Praveen Jain – Director Operations. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

Before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this conference call. Today's discussion may be forward-looking in nature based on management's current beliefs and expectations. It must be viewed in conjunction with the risk that our business faces that could cause our future results, performance or achievements to differ significantly from what may be expressed or implied by such forward-looking statements.

I now hand the conference over to Mr. Praveen Jain for opening remarks. Thank you and over to you, Sir.

Praveen Jain: Good afternoon, esteemed participants. We are pleased to welcome you to BSL Limited FY23 Earning Conference Call. It is our privilege to host this conference call for the first time and we sincerely appreciate your valuable time. We are optimistic that our discussion will be fruitful and informative.

Nivedan Churiwal: First I would like to give you an outlook of the Indian textile industry. I would like to provide you with an overview of the current outlook of the Indian textile industry despite the challenging period of approximately 6 to 8 months marked by rising cotton prices and subdued demand we have observed an encouraging improvement in demand accompanied by an increase in utilization levels.

The Indian textile industry has several opportunities to expand and become more competitive. To succeed in the global market, India must prioritize increasing production capabilities and enhancing capacities while also investing in the training and development of its workforce. The growth trajectory of Indian export hinges on the ability of Indian companies to expand their capacities as those capable of expanding more rapidly are likely to receive larger orders from international customers. The ban on Xinjiang cotton has resulted in stringent measures taken by the US customs authorities on cotton imports from the region and other leading customers. This along with other factors has made the leading global customers adopt the China Plus One strategy in order to reduce their dependence on China and India would certainly be an immediate beneficiary of the same across all textile sectors, especially in cotton.



Overall, the Indian textile industry outlook is very positive with growth and demand from both domestic and export markets for Indian textile products in the long run. India is now being seen as a reliable, sustainable and long-term business partner.

Now talking about some of our sectors the domestic market for home decor and suiting witnessed remarkable growth exceeding the pre-pandemic levels owing to the surge in demand for premium products. This uptake in demand was primarily driven by factors such as increased footfall, expansion of retail stores, shift towards organized players, and a rise in consumer spending. Towards the end of the quarter, the export market also showed signs of improvement as global retailers began to see positive outcomes from inventory optimization leading to an increase in order flow for suppliers.

Now I would like to speak briefly about BSL with different verticals and its marketing strategy. BSL is today one of India's most diversified companies in textiles with interest in a very varied and diverse range of products such as suiting, fabrics, furnishing fabric, and a variety of yarns. BSL continues to expand its core suiting business across India and the globe. In the export market, it has a presence in over 55 countries and is consolidating its base and trying to expand its footprints in the more profitable markets in order to make it suiting export business more suitable and viable.

BSL Limited is taking rapid strides in the domestic suiting segment and extracting more market share from its competitors. It is focused on the growth of both its segment BSL brands for PV mass segment and Geoffrey Hammonds its premium range where it offers luxury fabric in the form of Poly Wool and Pure Wool and ethnic wear in the form of Jacquards. Both segments have grown well and shall continue to remain on the growth trajectory.

Over the past decade, the furnishing business has been a driving force through its strategic partnership with IKEA and this segment will continue to grow. As IKEA's premium supplier of furnishing fabrics, BSL has successfully showcased its products across 450 IKEA stores worldwide reinforcing its position as a prominent player in the global market.

The yarn business at BSL is extremely diverse with existing segments of Synthetic/Worsted and Vortex Spinning and now with the newly launched cotton spinning, the spinning business now accounts for a major chunk of the company's revenue. This spinning business has been instrumental in the company's growth in recent years and now with cotton spinning it is expected to grow further. The company has recently commenced commercial operation in its cotton spinning project where it has installed a capacity of 29,184 spindles which will give a production of around 700 tons per month and it is expected to generate additional revenue to the tune of around ₹250 crore from this financial year.



Overall suiting export contributes around 35% of its turnover with 20% coming from domestic & furnishing business and the balance from the yarn business. Going forward BSL foresees a 40% increase in the yarn business and a 50% increase in the company's overall revenue led by the growth in yarn business and other segments. Now I would request Mr. Praveen Jain to take over the financial performance. Thank you.

Praveen Jain:

We are thrilled to announce that your company has made significant strides in FY23 with impressive financial results to show for it. Our revenues have soared to ₹472 crores representing a remarkable YoY growth rate of 8.2%. Our EBITDA has also demonstrated robust performance surpassing expectations and reaching ₹53 crores, an increase of 33.8% compared to the previous year.

Additionally, we are delighted to report that our PAT for FY23 has displayed remarkable growth standing at approximately ₹19 crore including an exceptional loss of approximately ₹2 crore which was a one-time loss. This marks a significant increase of around 66% on a YoY basis inclusive of the exceptional loss compared to the previous year's PAT of approximately ₹11 crore. Our EPS has also shown positive growth reaching ₹16.43 representing a growth of 47.4% on a YoY basis. We take pride in the achievements of our company in FY23 and remain steadfast in our commitment to maintaining this upward trajectory.

Furthermore, we are proud to announce that the board has approved a dividend of ₹1.50 per share, which reflects our strong commitment to creating value for our existing shareholders. We believe that this decision is a testament to our consistent performance and dedication to driving long-term growth and profitability for our stakeholders. We are delighted by these remarkable achievements and grateful for the dedication and support of our team and stakeholders that contributed to their success.

With that being said, we welcome any questions for discussion. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pranay Dhelia — Panchatantra Advisors. Please go ahead.

Pranay Dhelia:

We just want to know the debt repayment schedule that the company has planned for the next three to five years.

Praveen Jain:

We have the repayment obligation for the current year of FY23-24 of ₹12 crore and for FY24-25 about ₹23 crore and for FY25-26 about ₹25 crore.

Pranay Dhelia:

So, with the enhanced cash flow I hope that the company will prepay debt that will reduce the interest burden on the company I would just request you to please propose this to the board as well. Thank you so much.



Nivedan Churiwal: That is actually a part of our consideration with the enhanced cash flows we will definitely look to prepay our debts and we will take the call as in when the situation arises.

Moderator: Thank you. The next question is from the line of Shruti Kamath from Value Growth Advisors. Please go ahead.

Shruti Kamath: Sir my first question would be with this next CAPEX what size of opportunity do you able to cater over next two to three years?

Nivedan Churiwal: You mean in terms of turnover?

Shruti Kamath: Yes sir, but what kind of opportunity do we see with this new CAPEX coming in now?

Nivedan Churiwal: Okay you complete your questions and then we will answer them together.

Shruti Kamath: My second question would be why when we will able to reach the breakeven of this CAPEX done and if you can elaborate more on the opportunity in your home decor segment.

Nivedan Churiwal: So, as I mentioned in my speech, we are expecting a production of around 650 to 700 tons per month which is expected to generate additional revenue of around ₹250 crore annually. This of course is based on today's raw material prices if there are further fluctuations in the prices the corresponding yarn prices would fluctuate proportionately. So, this takes care of that as well. Now breakeven, we are hoping to be profitable from the first year we have just completed our first month of operation and the cotton situation is very volatile. So, it is too early for us to say, but we are very hopeful that we will be profitable from the first year itself. Now coming to your question related to home furnishing, the home furnishing business has been our growth engine in the last decade or so. Primarily the business is centered around IKEA which is one of the world's leading retail giants for furniture products and we at BSL were and probably still are the only supplier of furniture fabrics to IKEA from South Asia and as I mentioned you walk into any of the 450 IKEA stores, you will see our products available there so far made from our fabrics sofas, chairs and different home products made from our fabrics and we are very confident that this business will grow from strength to strength, there is a temporary dip at the moment because of the slowdown in Europe, but that is something which can always come up from time-to-time. We are very confident that this home decor or furnishing business will continue to grow and drive the company's growth as it has been doing for the past decade.

Shruti Kamath: So, two more questions so what is the total debt, net debt position as of today?

Nivedan Churiwal: As of 31st March?

Shruti Kamath: Yes.



- Nivedan Churiwal:** Long term debt are ₹169 crore and work capital limits for the day-to-day working operations is ₹186 crore.
- Shruti Kamath:** Sir, one last question from my side how do you see this cotton prices now shaping up since from last quarter to this quarter and for the coming year?
- Nivedan Churiwal:** Cotton prices at present are at ₹62,000 per candy and last month it was hovering around ₹61,500 per candy to ₹63,000 per candy. So almost, we can say it is stable not very volatile as of now still last.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. On behalf of BSL Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

This is a transcription and may contain transcription errors. The transcript has been edited for clarity. The Company takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.

For further queries:

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