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**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001  
(Maharashtra)

**Scrip Code: 503722**

**National Stock Exchange of India Ltd**  
Exchange Plaza Bandra–Kurla,  
Bandra (East), Mumbai–400051  
(Maharashtra)

**Symbol :BANSWRAS**

**Sub: Transcript of Q4 & FY 24 Earnings Call held on 13<sup>th</sup> May, 2024.**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby enclosed herewith a transcript of the **Q4 & FY24** Earnings Call held on Monday, 13<sup>th</sup> May, 2024. The same is also available on the website of the Company i.e. [www.banswarasyntex.com](http://www.banswarasyntex.com).

Please take the same on record.

**Yours faithfully**  
**For BANSWARA SYNTEX LIMITED**

**(H.P. KHARWAL)**  
**Company Secretary & G.M. (Legal)**  
Membership No. FCS 12923  
Encl. a/a

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**“Banswara Syntex Limited  
Q4 & FY '24 Earnings Conference Call”  
May 13, 2024**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13<sup>th</sup> May 2024 will prevail.



**MANAGEMENT: MR. RAVINDRA TOSHNIWAL – MANAGING DIRECTOR  
– BANSWARA SYNTEX LIMITED  
MS. KAVITA GANDHI – CHIEF FINANCIAL OFFICER –  
BANSWARA SYNTEX LIMITED  
SGA – INVESTOR RELATIONS ADVISOR – BANSWARA  
SYNTEX LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Banswara Syntex Limited Q4 and FY Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Toshniwal, Managing Director of Banswara Syntex Limited. Thank you. Over to you, sir.

**Ravindra Toshniwal:** Hello, everyone. Good afternoon to you, and welcome to the Banswara Syntex Earnings Call for our quarter 4 and the financial year '24. Along with me on this call, we have our CFO, Ms. Kavita Gandhi, and SGA, our Investor Relations Advisors. I hope all of you have been able to go through our investor presentation uploaded on the exchange and on our company website.

So let me begin with the industry landscape followed by our financial overview. The year gone by witnessed multiple challenges such as geopolitical issues persisting across the globe, which exerted pressure on the overall business, particularly on the demand side in the export markets. The global economic climate remains challenging with geopolitical uncertainties dampening consumer confidence and impacting global trade, which has had a ripple effect on the Indian textile industry, particularly the export-dependent sectors.

The textile industry has also seen a decline in exports in the fiscal year 2024 due to these global factors. However, it is expected to experience growth in the coming few quarters. The growth in the industry, we expect will be driven by a demand revival in the domestic market, a potential recovery in exports and reduced raw material prices. Despite acknowledging the present challenges such as a saturated domestic market stemming from the decreased exports and the underutilized capacities, we maintain our confidence in the enduring promise of the Indian textile sector, buoyed by favorable government initiatives and favorable trend towards India.

India stands to benefit from a global demand diversification away from China with the Indian textile market having a huge potential of a 10% growth rate while gaining an additional market share of 9% to 10%. India's textile sector thrives on a strong foundation of resources and a growing domestic market. Furthermore, recent free trade agreements with Europe, along with potential agreements in the pipeline with the U.K. and Canada, offer promising opportunities for export expansion, which we think will benefit us.

A gradual recovery at an industry level is expected in the next financial year '25, and on the back of improvements in sales realizations and stabilized raw material costs. There is an increasing emphasis from our customers on sustainability and manufacturers are being forced to adopt eco-

friendly materials and cleaner production methods. We, at Banswara Syntex, are taking measures to circumvent these hurdles by implementing strategic initiatives and taking the actions required to improve operational efficiency and strengthen our presence within the existing markets.

Our focus on reducing water consumption, on using greener energy sources and improving our Higg's rating score continues. This will allow us to be considered by customers as a preferred sustainable supplier. These proactive measures will position us for a robust performance in financial year '25 to gain further market share and solidify our position both in the domestic and export market.

Now let me take you through the financial performance of the company. Our total income declined by 15.3% to INR 1,282.1 crores in FY '24 on a year-on-year basis. The EBITDA stood at INR 120.6 crores during FY '24. Profit before depreciation tax came in at INR 91 crores. The company recorded a profit after tax of INR 35.3 crores in FY '24. The exports have declined to 42% of the overall revenues in FY '24 as compared with the 48% in last year for the same period, mainly due to decline in export of more than 50% in key markets of Europe, Turkey, U.S. and the U.K. There have been some recoveries in the export sales sequentially, which grew by 31% due to good orders from United Arab Emirates, some of the European markets for uniforms and jackets.

And now moving on to our business segments. So let me start with the Yarn division. The Yarn vertical witnessed an increase of 2% in Q4 FY '24 in value against Q4 FY '23, and up by 8% as compared with Q3 FY '24. The sales volume has increased by 9% for FY '24 as compared to the FY '23 but we saw a dip in revenue. So while the volume went up, the revenue did not due to the pricing pressure and demand scenario in spinning mills.

Yarn sales declined by 8% to INR 512 crores in FY '24 on a year-on-year basis. Despite the challenges, we were able to increase sales volume by 9% to 229 lakh kilograms in FY '24. The capacity utilization in the Yarn division stood at 82% for FY '24. The Ludhiana and Tirupur markets are showing signs of maturation. And we anticipate promising business in the upcoming quarters. We will continue to focus on high-value yarn products that will lead to enhancing value growth along with the overall top line.

Now the Fabric division. The Fabric vertical witnessed muted performances as revenues dipped by 18% to INR 456 crores in the financial year '24 as compared to the same period last year. And the capacity utilization in the Fabric vertical stood at 66% only for FY '24. The Middle East and domestic over-the-counter markets have shown recovery with a 10% growth. Major markets that is the EU, U.K. and Mexico were impacted due to the subdued demand. The U.S.A. was the biggest hit where we saw a drop of 56% compared to last year.

Now I speak about the launch of our new brand, Simone Frederico & Figli where we have already had an agreement with enthusiastic dealers and made a new syndicate to launch a nationwide brand. We will be meeting again for the second time between May 14 and 18 with wholesalers from across India who have already come on board. And the dealers are enthusiastic to launch the new range and it has been well appreciated. Additionally, we are proactively

expanding our customer base in the EU and the U.S.A. to counter the market fluctuations. Our efforts have already commenced in the EU market.

Now we talk about the Garment business. For FY '24, Garment sales declined 23% year-on-year to INR 282 crores on account of an overall market slowdown. The sales impacted particularly were for the suits and blazers. The trouser still did well. However, the domestic market has been good for the trouser category. The capacity utilization in the Garment verticals stood at only 57% for the FY '24. On the regulatory front, we are hopeful that the U.K. free trade agreement happens, and that would significantly enhance the company's business outlook on Garment.

In conclusion, this year, we have seen a downward trend in our revenue and profitability, majorly contributed due to muted international and domestic demand. Despite challenging time in our industry, we have experienced successful endeavors and market development. We remain focused on the China Plus One strategy. The demand is still showing and it's real. And alongside securing new orders in the Western markets, we hope the domestic market continues to be buoyant.

Now innovation and speed will be the key drivers in making this happen. And Banswara is making sure it's first time right (FTR), is the best in global class. In FY '25, we are observing indications of market recovery and we foresee a resurgence in demand during this fiscal year. We firmly believe that our strength in manufacturing and implementing strategic initiatives to enhance operational efficiencies will help us strengthen our presence within existing markets.

Important also for me to highlight that the Synthetics business in synthetic fabric and yarns and garments and our worsted fabric and yarn and garment business, wool-based, have traditionally been lagging from India. However, our infrastructure and capacities in these, therefore, have remained underutilized. And we expect that with increased market access, achieving a turnover up to INR 2,000 crores, as I have said in many of my investment calls is possible without significant capex or modernization.

And now with this, I would like to open the floor for questions. Thank you.

**Moderator:** The first question is from the line of Aditya Sen from RoboCapital.

**Aditya Sen:** Sir, good to see that we migrated from the INR 300 crores revenue per quarter range to the INR 350 crores range. So, I would like to understand if this is sustainable and the coming quarters of FY '25 will be above INR 350 crores of revenue? And also, there's a dip in margin this quarter. So what factors is this margin dip addressable to?

**Ravindra Toshniwal:** Right. Thank you, Aditya. I'm going to let our CFO answer this question for you.

**Kavita Gandhi:** Aditya, on the quarter-on-quarter sustainability, yes, we are seeing that there could be a good opportunity coming from quarter 2 and quarter 3 onwards. But the time will say about this. But more or less, our strive is that to get into the INR 300 crores and INR 300 crores plus for the quarter in the coming year.

- Aditya Sen:** So INR 300 crores plus is the range that we are already doing. So any aspirational number that we look forward to for the year FY '25 or '26 because we are anticipating recovery? So is it possible that we do consistently INR 350 crores plus per quarter?
- Kavita Gandhi:** So at this point in time, it will not be possible for us to tell you that number. But we will see as the time goes on quarter-on-quarter, we will come back with more reasonable and more authentic and comfortable answers to you.
- Aditya Sen:** All right. And the reason for dip in margins this quarter?
- Ravindra Toshniwal:** The reason for what?
- Aditya Sen:** The dip in EBITDA margins in Q4?
- Ravindra Toshniwal:** See look, EBITDA margins is not just for the quarter. The whole year, the EBITDA margin has been lower than last year. And essentially, the reason is very simple. The reason is that everybody in the financial year '24 had the subdued demand and the latent demand after COVID and had ordered more than they thought. The trend was everything was going upward in demand and people ordered more than they needed, and they were stuck with stock. So this year was a reversal. And therefore, we had this big challenge of the margin.
- Aditya Sen:** Okay. And about the demand uptick that you are experiencing in the Western markets. So how significant it is? Are we seeing any order inflows in our company or in other companies?
- Ravindra Toshniwal:** I don't know about other companies as much, but I can tell you this, from Banswara's perspective, U.S.A. is showing a lot of interest now. We lost 56% compared to last year in the U.S.A. market. And we expect now to recover and get pretty close to where we were last year in the U.S.A. market again. New customers have joined the bandwagon, and the customer interest has never been more. It was a question of demand, and they just didn't have the orders to place because they had extra inventory.
- Moderator:** The next question is from the line of Karan Mehara from Mehta Investment.
- Karan Mehara:** Sir, a couple of questions from my end. Are there any specific markets that we are focusing on, in terms of export expansion?
- Ravindra Toshniwal:** Well, export expansion for always, the U.S.A. is the biggest market, and we are focusing on the U.S. And then the next one is the U.K. And the U.K. really depends on now -- I mean, we expect the labor government to be coming even into the U.K. And there are financial pressures all over Europe where the disposable income on discretionary spending has gone down a little.
- But the whole point of our thrust is that if there is a shift away from China, even with reduced demand, we expect that the customer will come to us as a preferential supplier. And the reason we are saying why we will be a preferential supplier is because we are compliant, compliant in terms of our sustainability initiatives, and compliant in terms of innovation and providing the quality standards the customer needs. So there is nobody going to come to you from China if

he's not going to get from you something equally that good or better at the same price. And I think we can do this. Not many companies in India can.

**Karan Mehara:** Sir, but with the growing number of players from Bangladesh and Vietnam, any other specific initiatives that we are taking to maintain our competitiveness and market share?

**Ravindra Toshniwal:** So when you speak of Bangladesh and Vietnam, they're only doing garments, right? our bigger business is yarn and fabric. The garment part, you are correct that because unless we get FTAs, there's no way to compete because it doesn't matter. Whatever you may do, the FTA of 10% percent on the final garment price will outprice you from the competition.

**Moderator:** The next question is from the line of Riya Jain from N.M. Capital.

**Riya Jain:** So sir, I have 2 questions. The first one is how does the company plan to balance its focus between domestic and export market considering the current market conditions and future growth prospects?

**Ravindra Toshniwal:** Okay. Do you want to ask the second one as well?

**Riya Jain:** Yeah, I'll ask it later on the first...

**Ravindra Toshniwal:** Okay. So as far as a balance between export and domestic is concerned, look, I mean we had only 57% capex utilization in Garment, 66% in Fabric, 82% in Yarn. We are hungry for business. We will take whatever comes. There's no question of balance here. We are wanting more orders. We want to explore more markets. The bottleneck is the total orders available. The bottleneck is not anything else. So as far as we are concerned, we used to have a ratio of 60% export and 40% domestic a few years ago. And this ratio has gradually changed to the reverse. We are now 60% domestic and 40% export. We'd be happy with 50-50.

**Riya Jain:** Okay, sir. So my next question is what are the reasons behind the subdued performance in Garments?

**Ravindra Toshniwal:** It's very simple, there's basically been extra inventory everywhere exactly like what I told, Karan. And that excess inventory, until it flushes out of a system, as well as discretionary spend has been lower because of inflation. And inflation has been biting even in the U.S. Although the economy is doing very well, people spend on food, on transport, on vacations, on other areas has increased disproportionately. So clothing has not been an item which has been high on the priority list of spend on discretionary income.

**Moderator:** The next question is from the line of Akshay Kothari from JHP Securities Pvt. Ltd.

**Akshay Kothari:** If you look at other yarn players, their capacity utilizations run actually above 90%. And fabric also, they do much more capacity utilizations. Any specific reason why we are doing little bit lower?

**Ravindra Toshniwal:** Very significantly lower, Akshay. And really, what you're comparing us with is yarn producers of cotton and many fabric cotton mills. And we are a synthetic fabric mill and worsted fabric mill. So we're not comparing apple-to-apple.

**Akshay Kothari:** Understood. since my knowledge about the synthetic is limited, you can just highlight, is there any dependence or the 2 cycles of the cotton and synthetic are being mutually exclusive? Or they are interdependent somehow based on the cotton prices as well?

**Ravindra Toshniwal:** Well, I mean, when you're looking at consumption, synthetics is growing now faster than cotton. And the wool part is more ceremonial and for weddings and is more aimed at the upper end of the market, right? So the wool part is smaller. Now when you're looking at cotton, it is a preferred fiber for summer. But for any other season, synthetics are more important. And also given the now athletic leisure clothing, clothing like, what we would call, Adidas, Nike-type athletic leisure or even Lululemon-type athletic leisure, these kind of technical synthetics which are very comfortable, or dry-fit, are used even for sports as well as for parties nowadays.

I mean, you will get printed polyester shirts with digital prints on them, which have got good wicking and moisture management and you'll feel very comfortable and you'll be going to a party. And normally, people would never wear synthetics, they would only wear cotton shirts. So it's changing. The whole game is changing. And we see that synthetics is the future. We are in the right place, at the right time. We just have to be more aggressive in terms of finding more markets. And then the market needs to respond. It went through a phase which is nobody's fault, but the COVID happened and then they were over order cycle, etc.. The trend is positive.

**Akshay Kothari:** We are in this portion of leisure categories?

**Ravindra Toshniwal:** Yes, we are. In fact, we have developed a lot of clothing based on 100% polyester. Now we are developing a lot based on nylons, which we're importing. because for all of this, we don't even use our yarn. The government allows us to import yarns for whatever consumption we want to do, for things that are not made in India, the QCO doesn't apply, the quality control order. I mean, basically, this is about innovation. And the innovation in synthetics, the innovation in making higher value-added wool blends in India, we are at the forefront of that.

**Akshay Kothari:** And sir, just a feedback on the presentation, if you can add some of your customers, marquee customers, their name in the presentation as well, it would help.

**Ravindra Toshniwal:** Who said it to you?

**Akshay Kothari:** Sorry?

**Ravindra Toshniwal:** Kavita, you want to say?

**Kavita Gandhi:** Yes, we will do that. We'll share also, and thanks for your feedback.

**Akshay Kothari:** Okay. Sir, lastly, any specific reason why the promoter shareholder is decreasing?

**Ravindra Toshniwal:** No, it's not anymore, not this quarter. There was no difference this quarter from last quarter.

- Akshay Kothari:** Because when I look at it, came from 59%, it's very low right now. That was...
- Ravindra Toshniwal:** No. You're talking about something which is maybe 2 quarters before or something like that. I sold about 2% of my holdings to buy a house. But other than that, there was no significant change.
- Moderator:** The next question is from the line of Nishi Shah from RH Investments.
- Nishi Shah:** I have a couple of questions. First is could you please provide information regarding the company's overall working capital cycle, the typical number of days the company holds inventory and any changes observed after the adjustments to the product mix and lower production in FY '24?
- Ravindra Toshniwal:** Yes. I'm going to let Kavita answer these questions for you.
- Kavita Gandhi:** Working capital cycle on the inventory side, if you look at, there is a reduction of a number of days coming from the previous year to this year. So now the inventory cycle goes like, okay, it's 175 days kind of average, which we were at 185. So, there is a reduction of like 7 to 10 days.
- Similar thing on the overall number of days also., The debtor's number of days are like a cyclical because we had a good last quarter 4 and the March numbers were high. So, as on March balance sheet date, the number of debtor's days look a little higher side. But overall, at a year, what we can say, we were having a very good cycle for the working capital. And that's the reason like our borrowings have also, on the working capital side, was lowered.
- Nishi Shah:** Okay. Okay. And how do we plan to capitalize on the resurgence of demand in both export and domestic markets for retailers? And what strategies are we employing to seize this opportunity?
- Ravindra Toshniwal:** Yes. So that part, I can answer, Nishi. The question for us is, we are launching a brand and we are building this Simone as a brand which will position to compete with the best like Xenias and imports that are happening into the country. So if you look at [Dormule] or a really nice fabric from Loro Piana, these are the kind of nice Italian fabrics, which are high end, which we are going to be competing with.
- And then we will be introducing the second range in Simone, which will be more affordable. And the India-wide network, Simone itself, we expect about INR25 crores minimum turnover to happen in FY '25. And then we hope that this will continue to double every year. So this is one strategy.
- The other part is also we have launched a brand called One Mile in Garments, which we are building gradually, and that is growing. And there's a story there about minimalism, and that minimalism story is about having a limited range of very nice products at affordable prices always available and You know because we think that people are going to buy less, but buy better and not necessarily pay more. So this is the story of what it is.
- But aggressively, we are going to be also looking at our marketing teams to be able to explore new geographies. Travel budgets have been enhanced. We have a larger team available, and we

are using all sorts of tools of digital marketing in terms of digitizing the product. Even though there's a touch and feel factor to fabric, we send certain feeler samples and then we put the range digitally out for customers. The new buyers of the world are all very digital savvy. So we have to change strategies, and we are adapting very fast.

**Moderator:** The next question is from the line of Sanjeev Damani from SKD Consulting.

**Sanjeev Damani:** My compliments to the management, and I would like to just share that I was original allottee of 25 shares in the public issue made by this company. R.L. Toshniwal, if I do not remember wrong, was the Chairman at that time who promoted...

**Ravindra Toshniwal:** It was 1976, you held 25 shares in 1976...

**Sanjeev Damani:** Yes, there's a public issue too, I was allotted. So the association is very long. Of course, I'm always in and out of the company's shareholding is a different matter. Sometimes we sell and sometimes we don't. So sir, congratulations. And one thing I want to clarify is that we do not make any cotton yarn or any cotton fabric or any cotton garment? I mean, I want to have that clarity, sir.

**Ravindra Toshniwal:** Yes. We do not make a cotton yarn. That's for sure. But we buy cotton yarn, and we dye the cotton yarn and we do make cotton fabrics and we do make garments with cotton. But cotton yarn business, we are not in.

**Sanjeev Damani:** Okay. Sir, do we use denim also in our garmenting or we do not use any denim?

**Ravindra Toshniwal:** We do. We do. Garmenting, we are fabric-wise, we can use any fabric from anywhere. So, we are open to use, and we do use denim. We do make denim-based garments, yes.

**Sanjeev Damani:** Okay, sir. And sir, do we do job work also anywhere in either Yarn business or Fabric business or processing on Garment?

**Ravindra Toshniwal:** No. We were doing job work, we wouldn't keep the capacity at 66% and 57% utilization. No, we don't work job work. We would rather keep the capacity idle than do job work.

**Sanjeev Damani:** Okay. So that is very clear, sir. So that's very nice, sir. So now coming to the synthetic side of it, do we also manufacture what is termed as decorative fabric, which are used in sofa sets and all these, parda and all these things? So do we make that kind of things also?

**Ravindra Toshniwal:** No, we are not in the home furnishing business.

**Sanjeev Damani:** Home furnishing business. The correct word is that, I'm sorry.

**Ravindra Toshniwal:** We are not in the home furnishing business, we are in apparel, and we do make Jacquard fabrics or decorative fabrics, but that would be like a Jacquard suit, which you would wear for ceremonial wear.

- Sanjeev Damani:** Okay. So that we do. okay. Okay. So now indigenous business should also have growth prospects. So do we sell something through modern trade also? Or we make for them or we do not make for them at all?
- Ravindra Toshniwal:** Which trade did you say?
- Sanjeev Damani:** Modern trade, in the sense that, Reliance Trends, Shoppers Shop and all that, do we sell through them also?
- Ravindra Toshniwal:** They are our customers. We sell garment packages to Reliance Retail. We sell to Tata Trent. Tata Trent is one of our biggest customers, in fact.
- Sanjeev Damani:** Okay. Okay. So do they buy their own name? Or we sell it in our trend?
- Ravindra Toshniwal:** No, only their name. Everything is theirs. So we produce the yarn, we make the fabric, we make the garment and we put their name on it and give it to them.
- Sanjeev Damani:** Okay. So the margin in that trade must be thinner than the export for us. They are hard negotiators, so...
- Ravindra Toshniwal:** Not necessarily. Sometimes it is and sometimes it isn't because we are providing them a service which is all around in terms of the speed with which we can deliver a replenishment. Many a times, we keep replenishment programs for them. And given the information technology, SAP and all systems available now, they share with us sales data. And they tell us that you be ready to replenish us whenever we need. And for that, they give you a premium.
- Sanjeev Damani:** Right, sir. Sir, you have expressed that, since last four quarters, fourth quarter things have started improving. Are you seeing the same signs in the first quarter also? And do we get long-term orders also for delivery in September, October? Do we work like this also, sir?
- Ravindra Toshniwal:** Well, we get certain orders in uniforms which are throughout the year, and we get long projections for uniform orders. And certain people like who have a replenishment business, they will give you a longer projection. Otherwise, generally, the order cycling for fabric is around 60 days. 60 days before they need it, they tell you that this is a fabric order. For Garment, it's usually 90 days and for Yarn, it's usually 30 days.
- Sanjeev Damani:** My best wishes for our organization.
- Ravindra Toshniwal:** Thank you for remembering my father.
- Moderator:** The next question is from the line of Yug Mehta from AP Capital.
- Yug Mehta:** Sir, I just have 2 questions. What initiatives are we taking to strengthen our brands in both Fabric and Garment segments?
- Ravindra Toshniwal:** Strengthen our brands. Okay. So let's first understand what brands we have. At the moment, we are not very far in the branding business, right? we have 3 verticals, and the verticals are as OEM

suppliers literally. So we are in the Yarn business, the Fabric business and the Garment business where there's no brand.

The brands we have are one now, which we have launched called Sinome Federico & Figli and the second one we have is One Mile. And Sinome Federico & Figli, we expect to do a INR25 crores turnover in FY '25. And I think as far as One Mile is concerned, maybe the turnover will be INR3-4 crores, So that's the extent of our brand business as such. What we do is sell to brands, we make for brands, and we help brands grow. And that is our main business.

**Yug Mehta:** Am I audible, sir?

**Ravindra Toshniwal:** Yes, you're audible. But did I answer what you asked? Or did I say something else?

**Yug Mehta:** Yes. Sir, can you please provide a bit on the progress and strategies related to the brands in Fabric and Garment that have been discussed in the past few quarters earnings calls?

**Ravindra Toshniwal:** Right. So, these are, like what you speak about brands which we are selling to, let's go geography wise. So, we have been speaking about the brands that we sell to in the U.K., which are Marks & Spencer and Next. We expect business with these 2 brands to grow very significantly. If we are looking at the geography in the U.S.A., we had peerless clothing, but peerless clothing has gone down significantly because the suit business has gone down significantly in the U.S.

So instead, we have now moved with 3 other customers. We've got Phillips-Van Heusen, we've got Ralph Lauren, and we have Gap and Banana Republic. So those geographies, they're moving very, very well. Then of course, in Europe and France, in Germany, in Italy, we have different customers, and there's a whole list, which we can provide to you separately, so I mean, as far as that. And the Indian market, basically, we are the strongest in the suit business and the former tailored clothing business. So we sell to everybody from BlackBerry, Arrow, Van Heusen, Louis Philippe, Park Avenue, all of the customers are there for us. So these continue.

**Moderator:** The next question is from the line of Aditya Sen from RoboCapital.

**Aditya Sen:** I missed taking the answer on the margins. So is it possible to cross the double digits this year? Because we have seen some uptick in the realization. So will that help us cross the double digits?

**Ravindra Toshniwal:** Okay. Aditya, welcome back. I'm going to transfer this to Kavita.

**Kavita Gandhi:** Aditya, yes, endeavors are there to really get into the double digit for surely. Also, it has external effect and the constraints from the market also, like last year, because of the demand and supply equation, the realization dropped. So it's always a dynamic and it all depends on how the market behaves. Depends on that, it will be having an impact on that. But let's keep our fingers crossed and we should get near to the double digits.

**Moderator:** The next question is from the line of Atul Daga from AAA Securities Pvt Limited.

**Atul Daga:** So I just wanted to ask 2 questions. How do you perceive the current trends favoring natural fibers in both global and domestic markets, alongside the easing decline in cotton prices? And

furthermore, what insights can you share regarding the market dynamics, market share in the manmade fibers?

**Ravindra Toshniwal:** Okay. So as far as natural fibers are concerned, , because of the sustainability angle, quite a reasonable growth in the natural fibers. And with the cotton prices falling, I think that will continue to remain good. The only problem is the pricing is now under pressure in the cotton and the natural fibers.

Linen is the one natural fiber, which has actually grown in price. Wool has become important, and wool has become also a natural fiber, which is now picking up very well because that formal tailored segment is moving even higher. There is now a bigger divide between the, let's say, expensive clothing and the normal clothing.

So the wool part is doing well. Linens are doing well in terms of pricing. Cotton is a little bit subdued. This is as far as I understand the gist of natural fibers. Manmade fibers are the ones which are growing the most because there is the need for you to have clothings that you can take throughout the day. Literally, I mean, start the day at the gym and they just change the T-shirt or something or be able to go for a walk and then come to the office and then to go to the golf course and go to work afterwards. And all of these are synthetics, right?

I mean, the lifestyle that people want to lead today are wrinkle-free, moisture management, performance fabrics, which really don't require much care and which require less laundering, that is all synthetics. So the future lies in that, and worldwide, the consumption of synthetics is much more than the consumption of natural fibers. And I think this trend worldwide will continue. So when I spoke about it earlier, natural fibers have done traditionally well more in India. Linen, wool are doing well in terms of pricing globally and manmades are doing well globally.

**Atul Daga:** Congratulations.

**Ravindra Toshniwal:** Thank you.

**Moderator:** The next question is from the line of Akshay Kothari from JHP Securities Pvt. Ltd.

**Akshay Kothari:** Sir, would you please elaborate more on the JV with Tesca regarding automotive textiles? What is the scope and how are we going forward in that?

**Ravindra Toshniwal:** I'm going to let Kavita give you the results, but Tesca has been a great performance. In fact, we, for the first time, have paid tax and we are making money in Tesca. Just a minute, I'll give it to Kavita.

**Kavita Gandhi:** So on the number front, Tesca actually has the sales in the ranging from INR80 crores to INR100 crores. Like in FY '23, they did touch near to INR100 crores, like INR99.8 crores, so they were near to INR100 crores. This year, they had seen a 20% drop. But in profitability, they were very good because of good qualitative output and their cost was much lower. So on a business wise and the number front, they are doing very well. And now they are getting into the tax-paying

zone because all accumulated losses has been write-off and now they are having a much stronger financials going ahead. On the performance and the outlook, I'll request Ravi to explain you.

**Ravindra Toshniwal:** Yeah, Akshay. So I mean, the automotive business is growing well. The good news is that we are dealing basically with a soft part and the interiors of the car. And that doesn't change, whether it's an electronic vehicle or a regular. So we are supplying to EVs. And there's a growing market, and we believe that the automotive part, we made a separate division in Chennai to be closer to the customers who are manufacturing cars there. We have one in Banswara, and we are considering a third in Madhya Pradesh.

**Akshay Kothari:** Okay. Sir, and on the technical textile front, which are the segments we are keeping? What is your vision regarding this say 5 years down the line, where do we see? -- currently, we are...

**Moderator:** Your voice is echoing. Can you please repeat your question again?

**Akshay Kothari:** So on the technical textiles front, what is your vision for the, say, next 5 years? Currently, with Tesca, we are already in mobile tech and you did mention that we are also in sports tech as well. So apart from that, where do we see ourselves?

**Ravindra Toshniwal:** Okay. So we are not doing that much, say, Kusumgar or anything because we are not really essentially at core a technical textile company. But we have specialty lines which we do very well in, particularly in flame retardant curtains. And in FR curtains, for the railways, we are the primary supplier, and FR curtains, which will now be required and mandated in all of the theaters and all of the closed conference rooms, etc. So we are very good at that. And then we are very good at tent fabric, , Akshay, where was I?

**Akshay Kothari:** Yes. So you were mentioning about we are suppliers to railways, theaters, tent fabric...

**Ravindra Toshniwal:** Fire retardant.

**Akshay Kothari:** Yes, flame retardant.

**Ravindra Toshniwal:** That flame fire retardant is one of our strength. And then tent. We are very good at tent fabric, which is a ripstop kind of like a heavy fabric, which is used by the Army to make tents and is also doing a very good line for us. So that's the extent. We do FR curtains, we do tent fabric, we do the automotive part and we do sport tech. But that's it. If you look at the total turnover whatever next year, if we project, whatever we achieve, maybe INR1,500 crores or maybe less, this whole technical textile's part will not be more than INR 200 Crores.

**Akshay Kothari:** Okay. Understood. Sir, last question, our incremental capital allocation, it seems that is going towards more on the Suitings and Shirtings segment.

**Ravindra Toshniwal:** Not shirtings. Not going to shirtings. We're not doing shirting at all.

**Akshay Kothari:** Okay. Suiting, so don't you think this Suitings market is actually declining or growing at a very low pace compared to the rest of the pack?

- Ravindra Toshniwal:** Rest of the pack means what?
- Akshay Kothari:** So if you look at other segments, like Outerwear, so in garments, we are in Suiting. What we have been hearing from...
- Ravindra Toshniwal:** We do outerwear with our fabric. We do a lot of outerwear in synthetic fabric. We do overcoat fabric, we do zip up, those hoodies, and we do all kinds of outerwear. Now we're not just doing suits and blazers anymore.
- Akshay Kothari:** Okay. Okay.
- Ravindra Toshniwal:** So I mean, when we say we're using synthetic fabric, and we are using wool-based blends, there's a lot of outerwear that goes into that. And there's a lot of other applications in sportswear that goes into that. And we are specialists in that. And you don't want to jump into something just because it's doing well for somebody else. Somebody else is good at something else, and we are good at this.
- Moderator:** As there are no further questions, I would now like to hand the conference over to Mr. Ravi Toshniwal for closing comments.
- Ravindra Toshniwal:** Yes. Thank you. Thank you, everyone, for patiently listening in. We appreciate, as always, your questions and if they help us to reflect and improve our performance, and we look forward to meet you again the next quarter, and we look forward to a better year. And we hope that there will be a new government that will give us even further impetus. And India, the India story is something I sincerely believe in. And I believe that whoever maybe in power and whoever the government may be, the story of India will not stop. Thank you very much, gentlemen.
- Moderator:** On behalf of Banswara Syntex Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.