BANSWARA

BSL / SEC / 23

20th May, 2023

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

Subject: Transcript of Q4& FY23 Earnings Conference Call held on 16th May, 2023.

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kindly find enclosed a transcript of the **Q4&FY23** Earnings Conference Call held on **Tuesday**, **16th May, 2023**. The same is also available on the website of the Company i.e. www.banswarasyntex.com .

Please take the same on record.

Thanking You,

Yours faithfully
For BANSWARA SYNTEX LIMITED

HANUMAN PRASAD KHARWAL

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"Banswara Syntex Limited Q4 FY23 Earnings Conference Call"

May 16, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the company on 16th May 2023 will prevail.

MANAGEMENT: MR. RAVI TOSHNIWAL – MANAGING DIRECTOR

Moderator: Ladies and gentlemen, good day and welcome to Banswara Syntex Limited Q4 FY23 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 this call. These statements are not the guarantees of future performances and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Toshniwal – Managing Director from Banswara Syntex. Thank you and over to you, sir.

Ravi Toshniwal: Good afternoon and welcome everyone to our Quarter 4 FY23 Earnings Conference Call.

On this call, I have been joined by Ms. Kavita Gandhi who has been appointed as our CFO – M s. Gandhi is a Chartered Accountant and has over 30 years of experience in the field of accounts, taxation, and finance. Joining us also on this call, we have SGA, our Investor Relations Advisors.

It is with great pleasure that I highlight the remarkable performance of FY23 for Banswara:

In the wake of the pandemic, the West and the EU have adopted a China-plus-one strategy leading to a decline in demand for textiles produced in China. Consequently, India has emerged as one of the more favorable destinations for long-term manufacturing outside of China. India's share in the textile market is projected to increase in the coming years with textile exports from India expected to reach approximately about $20 billion. Recognizing this trend, the Indian government has introduced initiatives such as the PLI scheme for textiles and the PM Mitra initiative. As part of these efforts, the establishment of 7 mega textile parks in India with a combined investment of Rs. 70,000 crores will further incentivize manufacturing and boost exports.

We have observed a rise in demand for our textiles from global customers because of these developments. Hence the future of the textile industry in India appears promising. Given the opportunity the textile as a sector is presenting, we are looking to steer the company in the direction of growth and achieving a larger scale of business.

Keeping this in mind, we are strengthening our leadership team within the organization in line with our future growth plans. The promoters and the Board have collectively started tracking business from three of our divisions individually. And these divisional perspectives are for yarn, fabric, and garment business separately. This strategic move aims to improve the realizations and enhance both the top line and the bottom line of each segment. To implement this decision, we have appointed 3 separate business unit heads for our yarn division, fabric division, and garment division. Mr. Vireshwar Joshi will head the yarn division. He has 30 years of experience in the textile industry across various companies in India, Nigeria, and Uganda. He has demonstrated the ability to manage large-scale manufacturing operations with a focus on improving efficiency and productivity.

Coming to our fabric division:

Mr. Shailendra Pandey will head the fabrics division. He has MSc in textile chemistry and an MBA in production and operations. And he has over 27 years of experience in the textile manufacturing industry including poly viscose suiting, automotive textiles, worsted fabric, and home furnishing.

Our garments division finally will be headed by Mr. Rahul Bhaduria. He is a graduate in garment manufacturing technology from NIFT and has over 24 years of experience in the industry. Previously, he held positions in Arvind Limited, Welspun India, Creative Garments, and Must Garments.

Further, to strengthen our core leadership team, we have on board Mr. Devendra Pratap Misra, our chief technology officer (CTO). He has over 29 years of experience in the field of information technology with specialization in SAP, ISO/QMS (Quality Management Systems), EMS, TQM, and 5S. He also holds MSc in Mathematics and MCA, and he has a Bachelor of Law. Mr. Swapnil Shrivastava is our Deputy General Manager for Corporate Human Resources. He has over 50 years of experience across all domains of HR such as recruitment, HR & IR systems and audit, HRIs implementations, HR strategy, and policy design. And finally, Mr. Yugal kishore Agrawal has been appointed as the Vice President, Internal Audit. He has a working experience of 20 years with reputed companies like Godrej & Boyce, Bennett Coleman & Comp any, Coarse, etc. He is vastly experienced in the entire gamut of internal audit, investigations in controls.

Yarn Division:

Coming to the divisional performance for Quarter 4 FY23, yarn sales dropped 18% in the last quarter to Rs. 126 crores versus Rs. 154 crores in Quarter 4 FY22 owing to a slowdown in the general market condition. During quarter 3 FY23, yarn demand was weak. The company decided to shut down certain ring frames due to lower demand in the market. However, during Quarter 4 FY23, the company started production of running qualities for optimum utilization of the machines. Hence production was increased by 6%. However, the sluggishness in the market conditions continues and the yarn sales for Quarter 4 FY23 dipped 1% versus quarter 3 FY23 from Rs. 128 crores to Rs. 126 crores. For FY23, sales remained flat at Rs. 558 crores versus Rs. 556 crores in FY22. So, the yarn business has been more or less flat with no top line growth. EBITDA margins for the yarn division stood at about 10.9% for FY23. Overall, value-added sales within the yarn division for FY23 stood at Rs. 43 crores. Capacity utilization for this division stood at about 87%. We invested Rs. 38 crores in modernization and capacity increase for FY23 and we expect to do somewhere around Rs. 40 crores as CAPEX for FY24 to boost production and efficiency. We are exploring and targeting the growing knitting and weaving yarn demand in southern India as a new domestic market opportunity. We are targeting 8% to 12% growth in revenues by FY24. That's it for the yarn division.

I will move onto the fabric division:

I am talking about our fabric division for Quarter 4 FY23. Fabric sales grew by 3.7% to Rs. 141 crores versus Rs. 136 crores in Quarter 4 FY22. Since the order book position of fabrics was lower in quarter 3 FY23, the company decided to cut production in Quarter 4 FY23 as compared to the previous quarter. Thus, on a quarter-to-quarter basis, for Quarter 4 FY23 fabric sales saw a dip of 5% from Rs. 149 crores in quarter 3 FY23 to Rs. 141 crores in Quarter 4 FY23. However, for FY23, fabric sales actually increased 41% from Rs. 397 crores to Rs. 557 crores. This growth can be attributed to increased demand post COVID restrictions with low base effect and the expansion of production lines in Daman. EBITDA margins of the fabric division stood at about 12% for FY23. Overall, value-added sales within the fabric division stood at about Rs. 87 crores. Capacity utilization for this division stood at about 89%. Rs. 23 crores were invested in modernization and capacity increase for FY23 with an expected Rs. 12 crores CAPEX for FY24 to boost production and efficiency. We are introducing a new domestic brand acquired from Italy. We have successfully developed and launched 2-way and a 4-way stretch 100% polyester as new products and we are focusing on expanding sales of premium fabric, especially woolen worsted blended fabric.

The company is targeting 11% to 14% growth in revenues in the fabric division by FY24.

Coming to our garment division for Quarter 4 FY23:

Garment sales grew by 41% to Rs. 97 crores versus Rs. 69 crores in Quarter 4 FY22 on account of a strong order book owing to a revival in demand. During Quarter 4 FY23, garment division increased its production in jackets, and the division as per orders in hand because of good orders in jackets, we did increase production in jackets; however, trousers production was less than the quarter 3 FY23 which is actually a plus because the jacket business is more profitable than the pant business. On a quarter-to-quarter basis, for Quarter 4 FY23, the division witnessed an upside of 10% to Rs. 97 crores versus Rs. 88 crores in quarter 3 FY23 on account of a strong order book in exports from the previous quarters. For FY23 garments division has had the highest ever increase of 85% to Rs. 368 crores versus Rs. 199 crores in FY22. This was due to the product diversification, demand revival, and a strong order book from previous quarters. And the EBITDA margins for the garments division stood at about 7.24% for FY23 which is lower than the other two divisions. Overall value-added sales within the garment division for FY23 stood at Rs. 68 crores, capacity utilization for the garment division stood at just 69%. The Rs. 35 crores we invested in modernization and capacity increase for FY23 with an expected Rs. 28

crores CAPEX for FY24 is to boost production and efficiency further. We are emphasizing on manufacturing expertise in the form of suits and trousers with diverse blends, and investing in made to measure capacity for formal suits, we are also setting up a product development center in Daman to collaborate with the marketing team and drive business growth from existing and potential customers and the revenue for the division should grow by 12% to 16% in FY24.

Exports:

Export sales grew 3% to Rs. 193 crores in the garment division versus Rs. 187 crores in the last year. Exports contribution grew from 47% in quarter 3 FY23 to 52% in Quarter 4 FY23. Garments took the lead with 32% increase followed by yarn with 18%. The export sales contribution increased from 45% in FY22 to 48% in FY23 showing an increase of 35% whereas the domestic sales increased by 19%. So, there was more growth in exports than domestic in the garments business. The major reasons behind the increase are a) The low base effect as 2 quarters of FY21 and '22 were impacted by COVID and hence demand was lower, b) The pent up demand in FY23 once normal life returned post COVID, c) The garment increase of 143% in exports and 58% in domestic was on account of larger orders from good international brands like Apex. On a company level during the financial year '23, we incurred a total CAPEX of Rs. 97 crores versus Rs. 22 crores in FY22. Going ahead, we should incur a CAPEX between Rs. 120 crores to Rs. 150 crores for the next financial year. And to mitigate uncertainty associated with power procurement for our 3 manufacturing units, we have also spent about Rs. 54 crores on setting up power generation.

Credit rating:

I am happy to state that the India Ratings & Research (Ind-Ra) has upgraded Banswara Syntex Limited (BSL) bank facility ratings to Ind-A stable.

Financial performance:

Coming to our financial performance on a standalone basis:

Revenue for Quarter 4 FY23 remained flat quarter on quarter and year on year at Rs. 369 crores. Employee expenses stood at Rs. 78.1 crores versus Rs. 62.2 crores in Quarter 4 FY22. The employee benefit expenses have risen marginally by 3.6%. The increased employee cost is majorly on account of one-time special incentives to employees of about Rs. 4 crores. Since we had such a good year, we distributed it to our staff. Efficiency improvement during the current quarter for power and fuel cost is due to the reduction in average coal consumption cost by about Rs. 680 per tonne. The operating margins for Quarter 4 FY23 stood at 14.9% versus 13% for Quarter 4 FY22. The profit after tax improved from Rs. 19.4 crores in Quarter 4 FY22 to Rs. 27.8 crores in Quarter 4 FY23. The earnings per share stood at Rs. 8.1 versus Rs. 5.7 in the last year. On full-year basis, total income for FY23 increased by 26% to Rs. 1,498.8 crores, almost Rs. 1,500 crores, versus Rs. 1,189.8 crores for FY22. It's about a 26% increase in sales.

Employee cost for FY23 stood at Rs. 286.6 crores versus Rs. 219.2 crores. For FY23, the power costs have decreased by 0.5% which is due to the general easing of coal prices. And the operating margins improved from 11.5% in FY22 to 14.1% in FY23. Margins improved due to:

1) Reduction in power costs and fuel costs as the per tonne of cost of coal reduced by Rs. 680 per tonne resulting in a saving of about Rs. 1.6 crores.

2) The garment division sold more jackets.

3) Fewer orders were on a higher margin as compared to the previous quarter which has better margin. PAT for the year stood at Rs. 111.4 crores versus Rs. 46.8 crores in FY22. EPS for FY23 was at Rs. 32.6 per share

Guidance:

So, we are very happy with the results, but given the challenging global inflationary environment and the headwinds faced by the sector, we anticipate a muted quarter 1 FY24; however, going forward, our goal is to achieve revenues between Rs. 1,550 to Rs. 1,700 crores by FY24 driven by a steady revenue growth in all the business divisions.

With this, we shall now open the floor for questions & answers.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question is from the line of Keshav from RakSan Investors. Please go ahead.

Keshav Kumar: Sir, firstly, one of our garmenting peers spoke about the lack of availability of good quality local synthetic fabric for exports. What's your view on the domestic synthetic ecosystem in that regard? In terms of quality, is it too few players offering good quality fabric in comparison to the scale required for markets like EU and the US?

Ravi Toshniwal: I would say yes. I agree with that that there are a few players, and this is not just about offering good quality, it's about offering good quality at the right price. Our competitiveness as compared to say Taiwan or China is not maybe as good or has not been good. And we are improving though.

Keshav Kumar: Say, we are in talks with a big fast fashion brand, and we have done our bit of work on reducing the lead time. Congrats for that again. Say, we can offer them garments as fast as a Vietnamese player can, but they require very large volumes. Would they not require the overall countrywide ecosystem to be meaningful and of good quality to justify taking even us onboard as a vendor? Because they will have to shift or build new supply chains. And if the countrywide volumes are not there, would that not restrict us to the Indian supply for garments for those very players?

Ravi Toshniwal: What do you mean only the India supply? Why not? Access is always there for imports when you want to export garment.

Keshav Kumar: Basically, if they require a lot of volumes and our bottleneck is lying somewhere around in the fabric to garment….

Ravi Toshniwal: Yes, but bottleneck means what? We are still talking global trade. If you want to export garments, you can always import. Exports doesn't happen without the imports. And is always free and available, duty-free.

Keshav Kumar: Basically, if we are banking on the garment growth for the next 4 to 5 years and also a lot of work has gone to reduce the fabric and the garment cycle times also. Are we basically confident that we would be able to?

Ravi Toshniwal: Cycle times from China are very good.

Keshav Kumar: Yes.

Ravi Toshniwal: So, what is the harm in importing even in the EOU or in the SEZ? I mean India has to grow its garment story with or without its own supply base on synthetics and fabrics. If it has the supply base, great; and it is growing and it is happening. But if it doesn't have, then it will import the fabric. What's the big deal?

Keshav Kumar: Sir, second question on labor availability for garmenting. That is another one thing I have noticed. This has been a major issue for garments, especially for scaling up. There are different cause dynamics for different use, of course. On the cost and availability front, how are things for us in Daman and Surat?

Ravi Toshniwal: Daman and Surat, availability of the labor is fine, no problems for us. You pay them well, you look after them well, you have good HR & IR practices, no problem.

Keshav Kumar: When we plan to scale garmenting capacity, we are putting Rs. 50 crores of CAPEX in garments and I guess that's a decent enough number. Can we be rest assured that there won't be any issues with scaling up in terms of labor? Because, we have seen that with other companies that they have put in the capacities, but years pass on and they can't really scale that capacities.

Ravi Toshniwal: No, I don't see it as a challenge for that. Rahul can answer it better, our garment division head, and you could probably talk to him later. He is listening in on this conversation. You can schedule a call through SGA with him to understand it and you can even go down to Daman and have a look yourself.

Keshav Kumar: Lastly, the Uniqlo partnership or whatever we are doing in Southeast Asia, is our strategy to stick to fabric versus garments because they would have their own garmenting ecosystem there or we would target both?

Ravi Toshniwal: What do you mean stick to fabric versus garments? We would do both. We would want to increase both – fabric and garment. Why one or the other? We want to grow in both. Sometimes the garment will be made in Sri Lanka or Bangladesh because of the duty advantages in garment free zones which India doesn't have until it gets its FTAs and whatever happens. This is dependent on the FTAs whether the garment growth from India begins to happen in a better way or not.

Moderator: Our next question is from the line of Nirbhay Mahawar from N-Square Capital. Please go ahead.

Nirbhay Mahawar: Just wanted to have a slightly longer-term outlook. Last 2-3 years, we have seen significant growth in the fabric and garment segments and our revenue mix is moving in their favor. Do you see this trend continuing?

Ravi Toshniwal: Yes, we do.

Nirbhay Mahawar: Does it mean that we will have much lower capital intensity for growth?

Ravi Toshniwal: What do you mean capital intensity? Obviously, because garment is low capital intensity, not necessarily fabric. But also, fabric won't have that much capital intensity as yarn has. So, yes, the answer is yes.

Nirbhay Mahawar: As we are selling to fabric and garment, probably the capital intensity should reduce?

Ravi Toshniwal: Right.

Nirbhay Mahawar: And our margin profiles will also be much more steadier, sir? Because yarn is much more cyclical in comparison to….

Ravi Toshniwal: Yes.

Nirbhay Mahawar: On the receivables side, again we have seen some increase. Is it because of the same reason which we have mentioned in earlier quarter or there is some….?

Ravi Toshniwal: That's partly because of the domestic garment credit lines that we give to the brands but is secure like I explained last time.

Nirbhay Mahawar: How much is the incremental thing because of that particular reason? What is the total quantum of additional value we have given it to?

Ravi Toshniwal: I don't know. My CFO can answer that.

Nirbhay Mahawar: Shall I take it offline or if he can answer right now?

Ravi Toshniwal: I don't know. You have to ask SGA.

Nirbhay Mahawar: Fair enough. I will follow up regarding that. And on the spinning side, we had seen some kind of moderation in revenues because of this Turkey thing. Is it picking up now or how is it?

Ravi Toshniwal: Marginally. Other countries are picking up. Yes, yarn is more under pressure than the fabric and the garment business, but overall, we don't have that big in yarn capacity. So, I don't see it not being used. So, we will be fine. We will be more or less where we are, maybe a little bit growth, not as much as in the fabric and garment.

Moderator: Our next question is from the line of Suryanarayan Nayak from Sunidhi Securities. Please go ahead.

Suryanarayan Nayak: Just to understand that beyond the K3 new unit that is coming up in Daman, what is our plan beyond let's say two-thirds because that will be coming up for sure in the next 6 months. What is the plan ahead for the garment side?

Ravi Toshniwal: For the garment side? Or you want my CAPEX plans overall?

Suryanarayan Nayak: K3 is done, merely it is committed. After K3, what is the plan?

Ravi Toshniwal: After quarter 3 or….?

Suryanarayan Nayak: No, K3b unit.

Ravi Toshniwal: Again, in specific, I can tell you that we will be spending about Rs. 54 crores on power generation. That's one part. The garments division, we would be spending about Rs. 95 crores.

Suryanarayan Nayak: Rs. 95 crores for FY24?

Ravi Toshniwal: No, we have already invested in FY23 Rs. 95 crores in the garment division and we intend on investing further…. I think I need help from Kavita because I don't want to give you the wrong number. Kavita, can you say how much we are planning to invest in the next FY23-24 in the garment division please to this gentleman?

Management: For FY24, the CAPEX planned for garment division is about Rs. 28 crores. And the total CAPEX planned for the next year FY24 is about Rs. 145 crores.

Suryanarayan Nayak: I am sorry, FY24 you said Rs. 28 crores in K3, right?

Management: That will be for the garment division. That will include K3 plus some efficiency improvement, modernization, and EBIDTA as well.

Suryanarayan Nayak: So, how much that will be? Beyond Rs. 28 crores or how much, sir?

Management: Nothing beyond Rs. 28 crores. Total CAPEX for garment division is Rs. 28 crores.

Suryanarayan Nayak: My question is that nearly we will be freezing the Daman expansion for FY24. Beyond FY24, what is the plan?

Ravi Toshniwal: We could look at acquisitions. We are even looking at acquiring a company in Sri Lanka, but all of this is in the air. So, I can't commit to anything.

Suryanarayan Nayak: Any kind of a ballpark figure that we can incur for it?

Ravi Toshniwal: No, nothing for the moment expect to say that whenever we get a good opportunity, we will seize it.

Suryanarayan Nayak: Sir, my second question is that we are also listening to other competitors that India is lacking in the synthetic textiles. At our end, what is required that we can produce the world-class synthetic textiles that we are importing from outside? That can be a, I would say, margin enhancement in our case. What is the requirement?

Ravi Toshniwal: We just need to upgrade our technologies for piece dyeing and learn from the Europeans how to finish the fabric better. Like the Chinese didn't learn all this on their own; it was the Italians and the French who taught them.

Suryanarayan Nayak: Are we going to change the quality in let's say FY24-25 or it will be on the steady state manner?

Ravi Toshniwal: quality improvement is a continuous process. If it's going to happen, it has to happen more and more.

Suryanarayan Nayak: Mr. Toshniwal, if you can tell in the fabrics, how much value addition we have achieved for the last 1 year or 2 years?

Ravi Toshniwal: Value addition, we gave you a figure, right. We told you how much percentage when I made my speech of value-added fabric, we sold in the last turnover of that Rs. 550 crores. I don't remember it from the speech right now, but Kavita would tell you again. Otherwise, Rahul can read it off the speech. We have already answered that.

Management: The value-added sales for the yarn segment was about Rs. 43 crores. Within the fabric segment, it was Rs. 87 crores, and for the garment segment, it was about Rs. 68 crores.

Suryanarayan Nayak: Those are the absolute figures. Rahul sir, if you can give some percentage figure so that we can understand that our company is able to value add….?

Management: If you look at it in the FY23, my garment sales stood at about Rs. 368 crores of which Rs. 68 crores was value-added sales. It is available on the respective segment slides of the presentation.

Suryanarayan Nayak: We don't have the volumetric figure because those are at your end. If you can tell per meter basis what is the value addition, we did?

Management: We will have to come back to you with the volume numbers. We do not have it handy right now.

Moderator: Our next question is from the line of Naitik Mohata from Sequent Investments. Please go ahead.

Naitik Mohata: Sir, a couple of questions from my end. What kind of peak revenue can we expect from our existing capacity?

Ravi Toshniwal: I have always been saying that getting to that Rs. 1,700 crores mark with the existing capacities is possible given the capacity utilizations that currently exist and possibility to also use job work of capacities outside because there is a lot of capacity in the country.

Naitik Mohata: Sir, on the CAPEX front, you have mentioned segment-wise CAPEX numbers for FY24 in your presentation. Rs. 40 crores for yarn division, Rs. 12 crores for fabric, and Rs. 28 crores for garment taking the total to Rs. 80 crores. This is the total CAPEX that we can expect in FY24 or are we planning more, and do we plan to raise any debt for the same thing?

Ravi Toshniwal: Yes, we will be raising debt for sure, but right now for the year, I have given you the CAPEX indication and I don't want to tell you more about what will happen next year. And if anything changes, we will come back to you in the next quarter.

Naitik Mohata: Basically, this CAPEX of Rs. 80 crores that we plan to take for FY24 and as you mentioned that Rs. 1,700 crores mark as our peak capacity, till where will this push our peak revenue capacity to? I think we were planning Rs. 1,000 crores top line from each segment as our target for the next 3 to 4 years. Till where will be able to achieve that?

Ravi Toshniwal: Let's say 2 or 3 years. We will try. I can't say that it will happen.

Management: At least for now, we have given FY24 guidance to you or our projections and estimates that we have given in the presentation. Standing today, it would be difficult to comment on beyond that on any number, but yes, a longer-term vision is to achieve Rs. 1,000 crores of revenue across each division, but we will be in a better position towards the later part of this year to give any guidance on that front.

Naitik Mohata: My question was this Rs. 80 crores CAPEX that we plan to take this year, where will that capacity push us? From Rs. 1,700 crores mark to Rs. 2,200 crores to Rs. 2,500 crores mark probably?

Ravi Toshniwal: We have said Rs. 1,700 crores for the next financial year as the upper limit of what we could achieve.

Naitik Mohata: Secondly, on the margin front, how confident are we of maintaining the 14% to 15% margin that we have done in the last couple of quarters?

Ravi Toshniwal: Margins may go down slightly in the next financial year because of the headwinds and whatever, but we expect that we might be able to get similar profit level or EBITDA level total amount with a higher turnover. We want to maintain at least the total EBITDA not going down even if margin percentage goes down.

Naitik Mohata: As you mentioned in your opening remarks that we have acquired some new domestic brands from Italy in the fabric division.

Ravi Toshniwal: We have acquired an Italian brand, not a domestic brand. We have acquired an Italian brand that we are in the process of paying for and acquiring completely, but we will be owning the brand which is a 1875 brand with a lot of history and the Italian gentlemen who started it and are still running it or selling it to us and will be our brand ambassadors and we will bring that brand to India and make it as famous if not more famous eventually than Raymond.

Naitik Mohata: Sir, any update on the Uniqlo deal that we are planning to manufacture more?

Ravi Toshniwal: Uniqlo continues, but Uniqlo is not as exciting as building your own brand. Uniqlo is like we have a lot of work for little money.

Moderator: Our next question is from the line of Navneet Bhaiya, an individual investor. Please go ahead.

Navneet Bhaiya: I had two questions. The first is, FY23 was a good year in terms of growth for Banswara. I think over our pre-pandemic peak as well, we did about 10% to 12% growth, and we have been stuck in the Rs. 1,200 crores to Rs. 1,300 crores range for a number of years before FY23. The question is that if you could reflect what really went well for us this year and what gives us the confidence that the good work would continue in the years to come?

Ravi Toshniwal: Your question is really about whether we have achieved escape velocity from the rate of growth.

Navneet Bhaiya: Yes, absolutely.

Ravi Toshniwal: Yes, the answer is yes. Why? The answer is because we really have the capabilities and we have learnt everything, and the opportunity exists now with whatever is the feel-good factor about working with India that everybody has.

Navneet Bhaiya: Over a 5-year period, you are saying that we are a lot more confident today of achieving let's say a low double-digit growth than what we had done in the past which was maybe a low single digit growth in terms of top line?

Ravi Toshniwal: Correct, I would agree with that.

Navneet Bhaiya: That's good to hear. And my second question is on your working capital. Our debtors and inventory together we have about Rs. 550 odd crores over there. In terms of number of days, is there any scope to have more efficiency over here or would this be your normal working capital?

Ravi Toshniwal: There is always scope to have better efficiency there and that's what we have hired Kavita Gandhi for. I am sure she will have plus bringing that.

Navneet Bhaiya: Do we have some internal targets for this year as well or this is….?

Ravi Toshniwal: You should take a separate meeting with our CFO and discuss that.

Moderator: Our next question is from the line of Sandeep Dixit from Arjav Partners. Please go ahead.

Sandeep Dixit: Just had a clarification on the margins. FY23 last 2 quarters were probably far better than the preceding few quarters. As the things stabilize in this sector, are these margins something that we can expect going forward or you expect some softening?

Ravi Toshniwal: Like I said, I just explained in the previous question that yes, we expect a little bit of softening, but given the ratio of fabrics and garment business which is of our higher EBITDA margin, then what we have achieved in yarn, we don't expect the overall to be too bad but a little softening with an increase in turnover will still mean that we might be able to preserve hopefully the total EBITDA even in a bad year as it appears to be for the first quarter of the FY24. The first quarter is not great from the visibility, but we hope that by from the quarter 2 and quarter 3, Quarter 4, and the momentums that we have built up and all of the networking we have done and the story around the Indian brand and various other acquisition stories around garment capacities, we will be able to do much better than most others and we are still bullish.

Moderator: Our next question is from the line of Tanya Gupta from Green Portfolio. Please go ahead.

Tanya Gupta: Sir, my first question is you have mentioned that we have acquired an Italian brand. Is it to push Banswara Brands Private Limited, our subsidiary that we have just opened for the online part to build the momentum?

Ravi Toshniwal: No, this is not connected to Banswara Brands. That's a separate story, and that is around building a garment brand for the domestic market which continues. This is about building a fabric brand and competing with the likes of Raymond.

Tanya Gupta: What is the status of Banswara Brands Private Limited. How is the response that we are getting in there?

Ravi Toshniwal: It's starting, it's slow, it's online, it's not dramatic yet. Nothing to report yet. It is slow and steady.

Tanya Gupta: Can you just elaborate further what is going on at the ground level? Doesn't matter how small the progress is, but each step counts. If you can emphasize on the work on Banswara Brands Private Limited?

Ravi Toshniwal: Banswara Brands is owned fully by Banswara Syntex, by the way. It's a subsidiary.

Tanya Gupta: I just wanted to know the progress though you said that it's not substantial run.

Ravi Toshniwal: Yes, nothing to talk about right now. We are just beginning our story and I really don't want to say much more.

Tanya Gupta: The second question is share of profit from joint venture has increased. If you can put some color onto that how has been the revenue and the profit from….?

Ravi Toshniwal: Yes, the automotive part on our joint venture with TESCA has been better in its profitability.

Tanya Gupta: Any future outlook you can comment on?

Ravi Toshniwal: It's good. It's doing well.

Tanya Gupta: And sir, since we have seen inflationary pressure and how the global market is framing out and the **45.00** export of garments from Government of India is also not promising and we are also doing CAPEX. My stand is what are the opportunities that are in our favor and what part of the business is giving you the most trouble right now?

Ravi Toshniwal: What part of the business is giving us the most what?

Tanya Gupta: Trouble.

Ravi Toshniwal: The yarn part I would say.

Tanya Gupta: Since you have mentioned in the beginning that we have been thinking about the south expansion. Is it right to say that it will be a substitute as we have to look at the export demand that we have in the yarn part?

Ravi Toshniwal: No, not substitute. That's not the right thing to say. It depends. Sometimes the situation in yarn changes and then fabric changes and garment changes and brand changes. So, we will invest wherever we see a return is good. Now, that's the job of the CFO to decide where to put the money. The divisional heads will present their budgets and then we will decide.

Tanya Gupta: We are looking at Rs. 1,700 crores for the next fiscal year.

Ravi Toshniwal: Yes, that's the turnover.

Tanya Gupta: We are very much confident reaching that level?

Ravi Toshniwal: We have given a projection between Rs. 1,600 crores and Rs. 1,700 crores let's say. Let's hope that's conservative. Let's hope we cross it. I don't know.

Moderator: Due to time constraints, that was the last question of our question & answer session. I would now like to hand the conference over to Mr. Ravi Toshniwal for closing comments.

Ravi Toshniwal: Thank you everyone. It's been a very interesting dialogue, I have enjoyed the conversation thoroughly, and I look forward to interacting with you all in the next conference call after our next Board meeting. I will be traveling for a month between the US and Europe. I am leaving probably by the end of May and then back by the end of June. I hope to catch up with you all then. Meanwhile, of course, our CFO is available, and she can set up things along with SGA for you all to even talk to the divisional heads separately. They have listened in this time but next time we hope they will be able to interact with you all as well. We look forward to keep on the dialogue. Thank you very much for your attention and your interests in Banswara.

Moderator: On behalf of Banswara Syntex Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.