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

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

Scrip Code: 503722

Symbol :BANSWRAS

Sub: **Transcript of Q3 & FY 25 Earnings Call held on 31st January, 2025.**

Dear Sir/ Ma'am,

Pursuant to Regulation 30 & 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a transcript of the **Q3 & FY25** Earnings Call held on Friday, 31st January 2025. The same is also available on the website of the Company i.e. https://www.banswarasyntex.com/transcript-of-earning-conference-call/

You are requested to kindly take the above information on your record

For BANSWARA SYNTEX LIMITED

Ketan Kumar Dave

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"Banswara Syntex Limited

Q3 and 9 Months FY '25 Earnings Conference Call"

January 31, 2025

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 31st January 2025, will prevail.

MANAGEMENT: **MR. RAVINDRA KUMAR TOSHNIWAL – MANAGING DIRECTOR – BANSWARA SYNTEX LIMITED**
MS. KAVITA GANDHI – CHIEF FINANCIAL OFFICER – BANSWARA SYNTEX LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9 Months FY '25 Earnings Conference Call, hosted by Banswara Syntex Limited. 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 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 this 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. Ravindra Kumar Toshniwal, Managing Director, Banswara Syntex. Thank you, and over to you, Mr. Toshniwal.

Ravindra Toshniwal: Thank you. Good afternoon, everyone. I welcome you all to our quarter 3 and 9 months FY '25 earnings conference call. Along with me, we have on the call our CFO, Ms. Kavita Gandhi; and SGA, our Investor Relations Advisors. I hope all of you have gone through the investor presentation deck that we uploaded on the exchange and our company website.

So let me start with the industry landscape before moving into the Banswara financial performance. The global apparel market is estimated to be valued at $1.8 trillion in 2024 and is expected to grow at a CAGR of 4%, reaching $2.3 trillion by 2030. China remains the largest exporter with a global trade share of approximately 34%, followed by Vietnam, Bangladesh and India. Notably, the recent challenges in Bangladesh have disrupted its supply chain and created opportunities for India's textile and apparel industry to strengthen its position.

The global trade landscape is showing signs of strong recovery for India, in particular. We have good tailwinds. And with the fear of a recession in the West now behind us and the hope of a resolution to various conflicts in Russia and Ukraine and the Middle East, we do see that trade will improve. The supply chain issues that disrupted trade over the past few years are also easing. We hope this will give the industry some breathing room.

At the same time, higher tariffs on Chinese goods in the US may help reduce China's trade and improve India's. This shift will push trade and investments towards India. We hope this will be creating exciting opportunities for export growth.

Another interesting trend we are seeing is our retailers are moving towards integrated sourcing. They're choosing to work with fully integrated suppliers who supply a complete garment package, and this is driving consolidation in the market and setting the stage for bigger and more efficient players to emerge.

I'd like to give you an update regarding our garment facility in Surat. The company established a garment factory in the apparel SEZ in Surat in 2007 and '08. In spite of our efforts till date over the last, let's say, from 2007 to now 2024, in the last like 15, 16 years, the capacity utilization in the SEZ has been below par due to seasonal export demand.

To get the advantage of both the domestic market and exports, we have now got permission to exit the SEZ scheme and transition the Surat unit into a domestic tariff area by de-notifying the SEZ plot. This will enable the company to cater from all our garment units, both to domestic and international, averaging the supply and demand and being able to utilize the capacities in a better way. We have inquiries and orders flowing in for our Garment division. The order book looks good, and we are confident of completing existing orders on time and continuing to get new orders.

Now let's move to the financial performance for the quarter ended 9 months on December '24. Our total income increased by 11.5% to INR341 crores in quarter 3 FY '25 on a year-on-year basis. This growth was primarily on the back of a strong growth of 32% year-on-year in the fabric business, coupled with continued traction in the garments vertical. For the 9 months of FY '25, the total income amounted to INR960.9 crores, an increase of 3.3% overall as compared with the same period last year.

The EBITDA stood at INR36.5 crores and INR85.7 crores during quarter 3 FY '25 and 9 months FY '25, respectively. The EBITDA margin in quarter 3 FY '25 stood at 10.7%. This is an improvement over year-on-year and quarter-on-quarter. Profit before depreciation and tax came in at INR25.6 crores for the quarter 3 FY '25. And for the 9 months FY '25, it stood at INR57.4 crores. We reported a profit after tax of INR10.2 crores for quarter 3 FY '25 and a growth of 18.9% year-on-year and INR16.3 crores for 9 months FY '25.

Looking ahead, we see the industry outlook as improving, and quarter 3 has already shown the trend. Speaking of each of the divisions, the Yarn division witnessed a 5% decline in quarter 3 FY '25 against quarter 3 FY '24 to INR113 crores. In the 9 months of FY '25, there was a 12% revenue dip in the Yarn division as compared to the same period last year. The capacity utilization in the Yarn division stood at 79% for the quarter 3. The decline is mainly attributed to subdued demand in the domestic market.

The Fabric segment has emerged as a standout performer with a boost in production during quarter 3 and a notable surge in exports to key markets. In quarter 3 FY '25, the Fabric division saw a revenue growth of 32% as compared with the last year and 15% as compared to the last quarter and reached INR151 crores for the quarter. In the 9 months of FY '25, there is a growth of 22% in the fabric business as compared to the 9 months of FY '24. The capacity utilization in the fabric vertical stood at 79% for quarter 3, which has also improved as compared to the same period last year.

And lastly, the Garment business. For the quarter 3 FY '25, the revenue for the Garment division was up 8% year-on-year and down by 15% on the quarter-on-quarter to INR70 crores. The Garment division in the 9 months of FY '25 saw a marginal growth of 1% in revenue as compared to the 9 months of FY '24, which was INR207 crores. The capacity utilization in the garment vertical stood at 41% for the quarter 3 FY '25. This is low, but it is because of the shifting that we were doing from SEZ into the DTA.

We are seeing a positive surge in inquiries now from both existing and new clients and the current capacities are fully utilized. The production of jackets has increased as compared to trousers during this quarter. The overall revenue in the past quarter was impacted by lower capacity utilization due to the transition of our manufacturing facility in Surat, as I mentioned previously.

In conclusion, the overall performance in quarter 3 has laid a foundation for the sustained growth that we wish to target going ahead. The recent challenges faced by the Bangladesh industry as well as the China Plus One factor continue to be a tailwind for India. And retailers are increasingly interested in partnering with vertically integrated company like ours. This positions us to steadily capitalize on the opportunity, enhance our market presence to support consistent growth.

Thank you for your patience, and I would like to now open the floor for questions and answers. Thank you.

Moderator: The first question is from the line of Karan Mehra from Mehta Investments.

Karan Mehra: Congratulations on good quarter 3. A couple of questions. First being the company has proposed exiting the Special Economic Zone scheme and transitioning the Surat unit into a Domestic Tariff Area to enhance the utilization. So if you can elaborate on the key benefits, which is expected from this move and its impact on the overall production efficiency. Also additionally, will there be any loss of capacity during this transition? If you can throw some light here, it would be helpful.

Ravindra Toshniwal: Right. Yes, you're right, there will be some impact on the capacity, which we already experienced in quarter 3 because when we are making the transition, we have to move the machines, and we have temporarily hired a shed of 25,000 square foot in Surat, moved some of the machines there and moved some of the machines to Daman, having lost that capacity for a while. So we will lose capacity for about a quarter or so, before the capacity is utilized in a DTA across both Daman and Surat. So whatever capacity we had last year will now be able to be used across either export or domestic wherever demand is greater.

That flexibility will allow the capacity utilization to be constant throughout the year in a better way, because we are averaging both export demand and domestic demand with the entire capacity. So this is going to be definitely very useful. Sometimes the cycle of the market is such that export demand is very good and domestic is low and domestic is very low and export is good. So both these cycles will be averaged out.

And if both demands are good, then we are happy to expand capacities very quickly and even use outside capacities. I hope that answers your question. So we are now looking at, in fact, in our garment business, a 20% growth year-on-year going forward for the next 2, 3 years without adding any more capacity.

Karan Mehra: Understood, sir. Sir, that is helpful. Sir, my second question was on domestic and international, but you have answered. So if I'm having further questions, I will join back the queue.

Moderator: Next question is from the line of Darshika Khemka from AV Fincorp.

Darshika Khemka: Last time around, our Yarn division was impacted. And you had highlighted that we are almost bottoming out in terms of the margins of Yarn segment were concerned. But you also mentioned that the Fabric and the Garment division margins may not be able to compensate for the loss of the Yarn segment. Now that we are more optimistic about our Garment segment with the shift in the facility, also our quarterly margins have been more promising this time around. Do we see that change in the year coming ahead? And what is the outlook on the margin?

Ravindra Toshniwal: Okay. Darshika, that's a good question. I do recall saying that for the whole year, since the first half of the year, the margins were low across all 3 segments, we would not be able to compensate that in the yearly profit, right? That remains true. Although our quarter 3 has been better than the quarter 3 of last year, and we expect quarter 4 also to be better than the quarter 4 of last year. The H2 results will not be able to compensate the H1 poor performance for the whole year as a whole.

And that however, going by this trend of what has happened now in quarter 3 and what we expect in quarter 4, this trend we expect to continue. We will do better than the last FY '24 in the coming year '25-'26. So I hope that answers your broad question. We do see that both the Fabric business and the Garment business is going to be a bigger percentage of our overall business and turnover.

So if today, the Fabric and the Garment business is about 65% of our total turnover in the quarter 3 roughly. We do expect that we can increase the percentage of our Fabric and Garment business to be even 70% of our turnover. And as that happens, we will be in a position where we can compensate any margin losses in the Yarn business and garment business going forward. As a percentage of our turnover, that will not matter so much, the Yarn business.

Darshika Khemka: Got it. Would you be able to quote a number in terms of the guidance for margins?

Ravindra Toshniwal: No. I mean numbers are difficult to give you, but the trend is encouraging.

Darshika Khemka: Would we be able to reach FY '23 level, that's like 13%, sir? Is the situation...?

Ravindra Toshniwal: We achieved an EBITDA level of, I think, 11.7% almost in quarter 3. And quarter 4, we expect to do more or less the same or we'll see what it comes to, but we are expecting it to be more or less the same. Going forward, for the next financial year, we are targeting at least an EBITDA level overall with both garment chipping in very well since the restructuring has been done, Fabric growing, we expect the EBITDA level overall, regardless of what happens to the Yarn market to be at least 12%.

Moderator: Next question is from the line of Harsh Doshi from Analyse India.

Harsh Doshi: I wanted to know what are the capex plan for next 2 to 3 years.

Ravindra Toshniwal: Right. Our capex plan for the next year is about INR50 crores.

Kavita Gandhi: In plant and machinery.

Ravindra Toshniwal: In plant and machinery alone, out of which we are expecting to invest about INR45 crores into Fabric business, INR3 crores or so in the Yarn balancing and modernization and about INR2 crores in Garment. Other than that, Kavita will elaborate.

Kavita Gandhi: Other than that, we will have some other capex also, like as we were saying in our earlier call also. Since the mill is going to be a 50-year-old mill, we will need some kind of infrastructure facilities to be recreated.

Ravindra Toshniwal: Upgraded...

Kavita Gandhi: Upgraded and realign certain processes and all that. So that will be also some capex. So overall, if we look at in the next year, we are looking at a capex of around INR80 crores to INR100 crores, all put together, but it will get into the phase manner.

Ravindra Toshniwal: So some of it will be in power.

Kavita Gandhi: Power.

Ravindra Toshniwal: Civil infrastructure. And environmental enhancements.

Kavita Gandhi: Yes.

Ravindra Toshniwal: Yes.

Harsh Doshi: Okay. So when do we move towards the debt reduction journey, sir?

Ravindra Toshniwal: So we are already not investing more than we can generate. And we are expecting like, say, a 12% EBITDA generation and a growth of at least about 15% year-on-year. I mean, like we are talking about the Fabric and the Garment business growing at 20%, annually, compounded over the next few years. And we are talking about a journey where the Yarn business at least should remain flat because internal consumptions will increase.

Whatever investments we are making in the Yarn business will only help us to enhance our verticality and be able to generate more EBITDA margins in the Fabric and Garment business. So this generation of cash that we have and what we are spending on the infrastructure improvements and on modernization, the amount we are spending is much less. And this will allow us to continue this journey as we improve our ability to even use other infrastructures available in the country of capacities.

So we are saying that our own capacity utilization is already not too good right now. We will complete and use all of our capacities and endeavour to use even outside capacities. As that happens, we will be able to pay off the debt, and we will start to return money. So if we get to like maybe about INR1,500 crores plus turnover, and we are earning at 12%, you'll begin to see the return going back of the debt.

Harsh Doshi: Got it. So right now, do we assume that we are at the peak debt?

Kavita Gandhi: Yes. I mean by, say, mid of next year, we will be at the peak of the debt. And then year after that, as we had planned this kind of an entire growth journey, then the debt reduction will start.

Moderator: Next question is from the line of Dhruv Modi from DSM Securities.

Dhruv Modi: Congratulations on a good set of numbers. So I have a couple of questions. First question being with the ongoing unrest, like situation in Bangladesh, we are seeing a shift in sourcing strategies similar to earlier China Plus One trade. Which geographies do you think stand to benefit the most from situations like this? And additionally, how do you see India positioning itself in this evolving global supply chain?

Ravindra Toshniwal: Yes. Thank you, Dhruv. Thank you for your encouragement. And as far as answering your question is concerned, when you see the shift happening from Bangladesh to India, the demand and order book position that we have currently will be very good, and we are seeing that. In fact, we're having to say no to a lot of orders right now because we don't have the capacities available due to the shifting part.

But even if we assume that all of our capacities get started, we will still fall short of capacity in the garmenting when demand is concerned. The challenge is going to be margin. And for margin, we have to decide which countries are better for us than others. India does not have trade pacts with Europe. And therefore, we are at a disadvantage as compared both to Sri Lanka and Bangladesh in dealing with Europe in terms of the duties applicable to our garments entering their countries. This is why our focus will be more on the US market.

And in the US market, we expect whatever the Trumpian idea is about tariffs, we think that this is more bluster than it is going to be actuality. And in the garment area, the competition against China and the shift to the US market for packages going out of India as a vertical supplier, this will increase. We expect this to be the biggest growth area.

Other than that, if any FTA happens with the UK, that will be another boost. If anything happens with Europe, that will be a bonus. But generally speaking, the US is the largest market in the world, and we do expect the growth between India and US to be a big driver of export performance.

Dhruv Modi: Okay. Okay. And my second question is, are there any retailers showing signs of increased demand for the upcoming spring season? And furthermore, how is quarter 4 demand stepping up, especially with the impact of the wedding season and the upcoming peak festival?

Ravindra Toshniwal: Yes. So let's separate the 2 markets, the domestic and the export. If we speak about the domestic market, the demand has been subdued in general, even across the last Diwali and the whole wedding season, the last wedding season, it wasn't great at all. And still we did manage growth within that in our fabric business. And in our garment business, we got marginal growth.

So even though demand was subdued, we have managed to grow in a subdued demand market situation because there is a macro part and there is a part where we are substituting what was being imported from China in a very efficient way now. So we are still seeing that the growth will happen for us in the domestic market regardless of how the overall market is performing because it is a growth which is fuelled by the fact that we are encouraging people not to import and giving them products that are as good with better value within India itself.

So I see that that market will also continue to be good driver, both in the garment as well as in the export, the domestic part. As far as exports is concerned, we do have a good tailwind in terms of sentiment. In terms of the fact that we actually conclude deals, it is about margin. Having to compete on the margin and get the business, that is the challenge.

So at this moment, even at a lower margin, we are trying to corner more businesses, hoping that eventually the margin will come. This is why the margin can be sometimes a challenge in our garment business. It is not a question of the order book. It is a question of the margin.

Moderator: Next question is from the line of Randeep Kapoor from Investire Investments.

Randeep Kapoor: Sir, my question is regarding when you converted SEZ unit into a domestic unit, will there be any financial implication of foregoing some tax concession?

Ravindra Toshniwal: Yes, there will be some. I'll let Kavita answer exactly what.

Kavita Gandhi: See, what happens, yes, with the GST coming in and with the export benefits what you get the incentives back, that gets neutralized in a way. So there will not be much of a financial loss as such or we are not going to lose any benefit because we will be moving into the DTA.

Having said that, because we will be able to balance our capacity utilization much better. So on an overall basis, it will be more beneficial for us to get into that because then we will be catering to both the market and we will be able to service much faster to the customer.

Ravindra Toshniwal: Apart from that also, just to add, Randeep, that -- when we are moving away from the SEZ into DTA, get for the export part of DTA better total incentives for export than we get in the SEZ. In the SEZ, we are importing all of the things, all of the fabric and trims, etcetera, zero duty and exporting the garment out with zero incentives. Whereas when we are exporting the garment from a DTA, the overall incentives increase by about 3% to 4%.

Randeep Kapoor: Okay. So overall positive?

Ravindra Toshniwal: Overall positive, yes. That is the reason to move in spite of the pain.

Moderator: Next question is from the line of Ravi Shah from BRS Capital Solutions.

Ravi Shah: Yes. So basically, sir, my first question is regarding the employee cost. So the improvement in EBITDA primarily seems driven by this reduction in employee expenses due to absenteeism of the workers during Diwali period. So how should we see our sustainable EBITDA margins? And will our employee cost be revised? How will it work?

Ravindra Toshniwal: No, Ravi, it's not true that the margin has been driven by employee cost reduction at all. In fact, our gross margin has improved. And our gross margin has improved not because of the employee cost reduction. That employee cost reduction is only because it has, in fact, contributed to a reduction in turnover and the underutilization of our capacities in the spinning division. So that has been a loss for us.

We have not been able to utilize our full capacity and sell in the Yarn division, where the main loss of -- whether labor has not arrived. So this is something which was peculiar to a period when we were going into a modernization phase. So partly, we were losing capacity and not putting in the labor because of the machines being modernized. And same thing was also happening at Surat. So you had workers which we were not employing because the machines were not available for them.

Ravi Shah: Understood, sir. Sir, my second question would be on our growth. So basically, the Fabric and the Garment segment have witnessed very good growth. So what kind of growth trajectory should we expect going forward? And what are the demand trends right now within these segments as of today?

Ravindra Toshniwal: Yes. I explained this earlier and I answered it also that we are expecting growth within the Fabric division of 20% going forward year-on-year and about similar growth in the Garment business. Yarn business, we, at the moment, are thinking will be more flat, but more internal consumption of yarn will happen to drive the fabric business and the garment business, which will also be supported by external yarn buying and external fabric buying.

So overall, we are looking at maybe 60%, 65%, 70% of our turnover coming from the Garment and the Fabric business and the rest coming from Yarn with growth happening in both of these Fabric and Garment at about 20%.

Ravi Shah: Understood, sir. And sir, my last question would be regarding Trump. So basically, now he's taken charge. So have you seen any encouraging shift in demand from the US market as of now?

Ravindra Toshniwal: There's a lot of demand and a particular price, they are willing to buy out all the capacity we have for a long time. But we are not ready to accept it. There are negotiations going on, and we are looking at which particular buyers to tie up with long term that will help our profitability.

Moderator: Next question is from the line of Sanjeev Damani from SKD Consultants.

Sanjeev Damani: Namaskar, sir. Actually, I just became curious to know whether the SEZ was also an owned property and we have facilities in Daman and Silvassa both. So they were existing facilities or we have taken something new and that too, have we bought them out or it is on some rental basis? Can I know, sir?

Ravindra Toshniwal: Yes. So the Daman properties are all owned by us. And the SEZ was also -- I mean it was leased from the GIDC by Banswara. Yes...

Sanjeev Damani: So that lease is as good as the ownership. When we leave it, would we be gaining something?

Ravindra Toshniwal: Yes. So that whole area once it's de-notified will become a part of the DTA and the operations will continue in that same land.

Sanjeev Damani: Okay. So I will...

Ravindra Toshniwal: It will happen under DTA.

Sanjeev Damani: But sir, you said that you are shifting the machine from there?

Ravindra Toshniwal: That is in the interim period because in the interim period where it takes 3 months to 4 months for them to give us permissions to be able to shut down the SEZ and move it to DTA. During that period to not lose the entire productivity, we have moved into rental shed or we have moved partly into Daman. But we have not been...

Sanjeev Damani: Which is owned by us only. So the place -- that existing place of Surat will remain with us. And tomorrow, when it is converted into DTA, we can think of utilizing the same shades and things for our manufacturing.

Ravindra Toshniwal: Absolutely. Absolutely.

Sanjeev Damani: So in Surat, we only make garments or we make fabric as well, sir?

Ravindra Toshniwal: Only garments.

Sanjeev Damani: Only garments we make. Okay. Sir, you had indicated earlier also in last call that you are looking forward to good growth in the garment market because you have also tied up with a lot of modern retail outlet of India. Can you name them who are our buyers in India, like [inaudible 0:34:33] or like Trent or Zudio or...?

Ravindra Toshniwal: Yes. Yes. If you look at our investor presentation, which we have uploaded, we have given a full list of the buyers. So please have a look on the website. But yes, Trent is one of our customers, just to answer that question of yours. We have all of the Arrow, Van Heusen, the entire Allen Solly, many of the retailers in India and as well as Myntra and Flipkart to some extent. So all of that is happening right now. We have a full list of domestic clients in our Page 21 of what we have uploaded on the website.

Sanjeev Damani: One more question, sir. Do we also make woolen yarns and worsted suitings as well or we only make polyester products? Because you last time told us that you are not making any cotton yarns. Am I right, sir?

Ravindra Toshniwal: Cotton. We do not do yarns. That's true. We do not make cotton yarns. We buy cotton yarns from outside. As far as woolen yarns are concerned, we make worsted yarns. And we do have a worsted spinning capacity. We produce about 100, 120 tonnes of worsted yarn every month.

Sanjeev Damani: And which goes into our own manufacturing of fabrics and...

Ravindra Toshniwal: Correct.

Sanjeev Damani: Garments.

Ravindra Toshniwal: For self-consumption only. And it goes entirely into our fabric business. It also supports our brands of Simone and Fredrico, which are 2 brands we have introduced into the country with the distribution network, and they are growing well.

Sanjeev Damani: Looking forward to great growth of Banswara Syntex in coming days.

Moderator: Next question is from the line of Atul Daga from Daga Securities.

Atul Daga: Sir, just throw some light on how is the modernization of machinery progressing? And when do you expect capacity utilization in the Yarn division to normalize?

Ravindra Toshniwal: So we're expecting by quarter 1 of the next financial year, everything will be gung-ho and going well in the Yarn division. The modernization will help us not only to get increased productivity per employee, but also improve the value-added yarns we make, both for internal consumption and external sales.

Atul Daga: Okay. That helps. Sir, also with the challenges in Bangladesh textile industry, Indian players are seeing increased interest from global retailers. So have you benefited from these new client acquisitions or higher order volumes?

Ravindra Toshniwal: We are experiencing a higher order inquiries that we are unable to conclude because of margin pressures. But I can't say we have really benefited yet. The only benefit is that the order flows are more.

Atul Daga: Okay. I asked as a vertically integrated player, how do you plan to capitalize on this shift in global sourcing trends?

Ravindra Toshniwal: Yes. So we are in the best position to capitalize on it being a vertical player. And we want to use our verticality to be able to leverage that position. There are buyers who are willing to commit, but they want to commit at the same price that they would be buying from Bangladesh. And they have duty advantages which are coming from Bangladesh, and they want all of those advantages to get the same landed duty paid price as they would get from India, as they would get from Bangladesh from India. That we are not able to match without sacrificing margins. That's the challenge.

Atul Daga: Sir, also one last question. Any updates you can throw on Simone brand front?

Ravindra Toshniwal: On what? On the Simone brand.

Atul Daga: Yes.

Ravindra Toshniwal: The Simone brand, we have launched about 6 to 7 months ago. We've gone through one season where the wedding season in the Indian market was not as great as we expected. So we've only been able to do about INR8 crores to INR10 crores of turnover so far. Maybe we'll close the year at about INR15 crores. Our original target was INR25 crores.

So it's been less than expected for this year in the Simone brand, but it's not really disappointing because most brands have had 50% less sales in the domestic market in over-the-counter fabric like Raymond's or Reid & Taylor or J Hampstead. Everybody has suffered on this front. Next year, we expect with our distribution network in place, and the fact that we have been able to replicate many of the imported Chinese fabrics in Simone, our demand will be better.

Moderator: As there are no further questions, I'll now hand the conference over to Mr. Ravindra Kumar Toshniwal for closing comments.

Ravindra Toshniwal: Thank you. Thank you, everyone, for listening in and for your support of Banswara. In the textile industry, we are in a unique position as a vertical mill of manmade and woolen worsted fabrics with our finishing and with our garmenting and our specialty yarn support, we are in a position to be able to capture a large portion of the interest that is coming to India, both because of the China Plus and the situation of the geopolitical problems in Bangladesh.

We have learned over the years how to produce the yarns that China is making. We are now with the modernization going to be able to produce them at a price which is very similar to China. And in spite of the raw material prices in India being higher, we think that when we are talking about Fabric and Garment in manmades, we will be able to compete very effectively and replace China for many of our buyers.

The market is so large that our capacities are eventually going to fall short. And then we will look forward to be able to utilize underutilized capacities within the country and think about a much bigger greenfield expansion. So we are looking forward to continue to work towards this and see that the next 8 to 10 years of where manmade can go from India to the global supply chain, we are a key player in that. And look forward to be able to interact with you all and continue the learning towards this journey. Thank you very much.

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

Ravindra Toshniwal: Thank you.